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DPRK,Japan Continue Ties Normalization Talks

Pyongyang Reports 5 Nov Session

SK0611022692 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 5 Nov 92

[Text] The eighth inter-governmental talks for the normalization of DPRK-Japan diplomatic relations took place in Beijing on 5 November.

Attending the talks were members of our government delegation headed by Yi Sam-no, ambassador-at-large in the Foreign Ministry, for our side, and members of the Japanese Government delegation led by Nakahira Noboru, ambassador-at-large in the Foreign Ministry, for the Japanese side.

The head of our side's delegation briefed reporters at the end of the morning session. According to him, the heads of the two delegations made opening remarks.

In his statement, the head of the Japanese side's delegation said he regrets that the eighth talks were being held six months after the seventh talks were held. He claimed that our nuclear issue is indispensable for the progress of the DPRK-Japanese talks, that DPRK-Japan diplomatic relations can hardly be normalized unless the concern over the nuclear weapons development program was dispelled and a North-South mutual inspection was carried out, and that he wants to see the solution to the issue of Japanese wives regardless of the progress of the DPRK-Japan negotiations.

The head of our side's delegation fully exposed the unjust nature of the contents of the Japanese side's remarks.

He stressed that the eighth talks were held belatedly because the Japanese side, on the pretext of the nuclear issue, unilaterally violated the promise made between the two sides during the seventh talks about holding the eighth talks before the end of July. He said the responsibility for delaying the eighth talks totally lies on the Japanese side.

The head of our side's delegation stated that we cannot repress surprise and a sense of disgust [hyomogam] over the remarks made by the Japanese side's delegation that our nuclear issue is indispensable in improving DPRK-Japanese relations. He stressed that the Japanese side established artificial obstacles to the talks by persistently dragging into the talks the nuclear issue, which has nothing to do with the talks. He pointed out practical instances seen during the course of all seven rounds of talks.

He added that what is even graver is the fact that the Japanese side again presented the issue of the development of nuclear weapons at a time when we are being inspected by the International Atomic Energy Agency [IAEA]. He then asked the Japanese side if it has gathered any intelligence indicating that we are manufacturing nuclear weapons and where does the Japanese side want to drag the DPRK-Japan talks. The head of the Japanese side's delegation was unable to make any remark on this.

The head of our side's delegation pointed out that the Japanese side's remarks saying that unless North-South mutual inspection is conducted and the joint declaration on the denuclearization of the Korean peninsula is implemented diplomatic relations can hardly be normalized means that the Japanese side is declaring that the North-South mutual inspection is a precondition for DPRK-Japan talks. Thus, he exposed the unjust nature of the Japanese position.

He emphasized that the North-South mutual inspection is a domestic issue of the Korean people. Since we are being inspected by the IAEA, inspection of the U.S. nuclear weapons and nuclear bases in South Korea should be conducted.

Concerning the Japanese side's remarks that it is desirable to resolve the issue of Japanese wives staying in the DPRK being able to visit their hometown, regardless of the talks' progress, the head of our side's delegation pointed out that Japan forcibly took away more than 200,000 Korean women, offering them as sexual objects for the imperialist army, and inflicted various bitter insults on them. He asked, how can the Japanese Government, which ignored the pathetic cries of comfort women survivors who narrowly escaped death, present such an issue? To this, the head of the Japanese delegation, remained silent.

Following this, the head of our side's delegation made an opening statement. In this statement, he pointed out that since the core issue in the DPRK-Japan talks is to liquidate the past between Japan, the offender, and Korea, the victim, the two sides should liquidate the unfortunate past at an early date and establish good-neighborly friendly relations between the two countries that lived as neighbors with one sea separating them for several thousand years. Thus, the two sides have an important mission, to achieve the desire of the people of two countries to live together harmoniously. He then clarified our principled position for the successful progress in DPRK-Japan talks.

He first stressed that only when Japan discards its erroneous views and assertions in appraising the history of relations between Korea and Japan can it realize a sound foundation for liquidation of the past.

He pointed out concretely the unjust nature of the Japanese side's claim that Korea and Japan were integrated into one state according to the Korea-Japan integration agreement in the past.

He asked: Following the Sino-Japanese War and the Russian-Japanese War, the Japanese imperialists fabricated the Ulsa Protectorate Treaty [concluded between Korea and Japan in 1905] and the Seven-Point Agreement [concluded in 1907] under their military occupation of our country and usurped all the sovereignty of old

Korea. Under such conditions, with whom could Japan conclude the Korean-Japanese Annexation Treaty?

He then stressed that the Japanese side should no longer insist on its theory on the merger of the two countries through the Korean-Japanese Annexation Treaty because there was no legal representative at the treaty's conclusion at that time.

He also said that since the Japanese imperialists fabricated the Ulsa Protectorate Treaty and since the Seven-Point Agreement has been revealed by recently discovered historical materials, the legal foundation of the Japanese side's insistence that these treaties were legally concluded and were valid have been completely destroyed.

He said: According to the legal system of old Korea, all treaties and agreements to be concluded with other countries were legally recognized and valid only when they received the King's prior approval and signature and the seal of the state. Despite the Japanese imperialists' desperate pressure and threat, the Ulsa Protectorate Treaty and the seven-point agreement failed to receive the signature of King Kochong, the emperor of our country at that time. It also did not receive the seal of the state. All of the old treaties which, the Japanese side insists were legally concluded were not legal even from the viewpoint of Japan's contemporary Constitution.

He said that the universal public law—which had been recognized internationally since the middle of the 19th century—stipulated that treaties can be implemented only when they receive the approval of the king and that they are merely pieces of paper without the seal of the state.

He then stressed that the Ulsa Protectorate treaty is nothing but a piece of paper which has no validity even from the viewpoint of international law.

He said: A document of the UN International Law conference held in 1963 indicated that there are four treaties in the world which are not valid even from the beginning of their conclusion and that one of them is the Ulsa Protectorate Treaty concluded in 1905. This proves that the Ulsa Protectorate Treaty was invalid even from the time of its conclusion. The fact that Yokoda Kisaburo, a famous Japanese scholar on international law and former director of the Supreme Court of Japan, attended this international law conference is significant.

He said: Hayasi Konoshuke, a Japanese diplomatic minister at the time when Japan fabricated the Ulsa Protectorate Treaty, revealed in his book, "My 70-Year Life" that the old treaty was fabricated through armed force. In a political report to the emperor of his country (Ton Jalderon), then acting ambassador of Germany to Seoul, indicated that the Ulsa Protectorate Treaty was fabricated through pressure and that the treaty was not one to protect Korea but to legalize Japan's aggression against Korea.

In addition, citing concrete examples and materials he disproved that the old treaties were fabricated illegally.

He said: All facts completely reveal that the old treaties were thoroughly false documents in every way and that Japan's act of having robbed old Korea of its sovereignty and perpetrated the colonial rule over it based on these false documents and, thus, having deceived the conscience of the world for nearly one century was an unprecedented act of fabricating history.

He then said: This notwithstanding, the Japanese side talks about legality and validity of the old treaties at the Korean-Japanese talks. This is a far-fetched assertion designed to conceal the crimes committed by the Japanese militarists in the past and to escape solving the past problems.

He stressed: Second, the legal foundation for liquidating the past has been more clearly revealed this time. Consequently, it has become impossible for the Japanese side to evade responsibility for compensation.

He said: In connection with the compensation issue, proceeding from its logic that our country was separated from the legal annexation to Japan and became an independent state, based on the old treaty which has no legal validity, the Japanese side insisted that the liquidation of the past between Korea and Japan should be solved by the rights to request properties. However, since Japan's act of having fabricated the past history has been laid bare to the world this time, the legal foundation for the theory on the rights to request properties has been completely destroyed. The compensation issue should not be solved based on the old treaty which was illegal and invalid, but should be solved based on the relations between those who perpetrated the aggression and those who suffered the aggression and between the offender and victim.

He also said: Japan not only victimized over one million Korean people, but also drafted approximately 200,000 Korean women as comfort women for the troops and approximately six million Korean people as forced laborers, and collectively murdered numerous people among them. This clearly shows that the Japanese Government will not be able to escape from the responsibility of compensation under any pretext. The Japanese side must, as a matter of course, reflect upon its crimes against the Korean people and feel a sense of atonement and responsibility.

Thirdly, he demanded that the Japanese side comply with the innate nature and mission of the DPRK-Japan talks in attending them, and stop committing unjust acts of presenting irrelevant and unreasonable preconditions, such as the nuclear issue, to continuously build artificial obstacles to the talks.

He totally rebutted the Japanese side's unjust position of raising issues such as nuclear suspicion and North-South mutual inspections by pointing out that we, having signed the Nuclear Safeguards Accord with the International Atomic Energy Agency [IAEA] from an independent stance, have been sincerely receiving nuclear inspections.

He also said: The Japanese side says that while Japan's activities concerning nuclear energy are legal as they are carried out under the IAEA's supervision, inspections of our facilities by the same agency are unreliable. This contention by the Japanese is self-contradictory.

He also said: The IAEA inpections have clearly proven the fairness and integrity of our nuclear policy. Also, it has been proven clearly that the United States and the South Korean authorities, in keeping U.S. nuclear weapons and nuclear bases in South Korea from full inspection, are fully responsible for the fact that North-South nuclear inspections have not been conducted. Even under these circumstances, the Japanese side continues to fervently babble about suspicions of our nuclear development. This is so as to use this issue as a pretext for becoming a military power by arming itself with nuclear weapons.

He also said: Japan must come to the talks with a sense of sincere atonement of its past crimes, instead of building artificial obstacles to the talks by making unjust demands concerning the nuclear issue and other issues. Instead of talking about international contribution, it must give due compensation for the human and material damages inflicted upon the Korean people at the earliest possible date. In this way, Japan must sever its ties with the past and emerge in the international community with a new appearance.

After saying so, he asked the Japanese side to attend discussions on main agenda items in compliance with the innate nature and mission of the DPRK-Japan talks.

He also stated: Our side accepted Japan's proposal for holding talks to normalize diplomatic relations. However, our Republic will not pursue improving its relations with Japan at the price of abandoning its dignity and principles in circumstances in which the Japanese side presents such unreasonable preconditions as the nuclear issue and builds artificial obstacles to the talks.

Meanwhile, apart from the talks, a separate unofficial working-level contact took place between the two sides that day. As revealed in a news conference, our side said at the contact that it had been clearly proven in former unofficial contacts that the two mysterious women the Japanese side persists in babbling about, have nothing to do with us.

Our side also said: In particular, during the negotiations to discuss dates for the current eighth talks, our side asked the Japanese side not to raise this issue again. Our side told the Japanese side that our side would resolutely reject it if the Japanese side were to raise it.

Our side also said: Japan has yet to clearly apologize for the fact that it drafted hundreds of thousands of Korean women as comfort women for the troops, committed all forms of brutalities against them, and brutally murdered them. Rather, it has continuously raised the issue of the two nonexistent Japanese women. This is in an insidious political attempt to defame the dignity of our Republic and drive DPRK-Japan talks into the wall.

Our side also said: We intend to no longer discuss this issue as it has nothing to do with us and the actual state of things has been shown throughout the world.

Our side expressed our resolute position not to discuss this issue with the Japanese side any more.

DPRK Walks Out of Talks

OW0511132292 Tokyo KYODO in English 1239 GMT 5 Nov 92

[Text] Beijing, Nov. 5 KYODO—The North Korean delegation walked out of normalization talks with Japan on Thursday [5 November] over Japan's renewed demand for information on a Japanese woman suspected to have been kidnapped to tutor a North Korean agent.

It is feared the two-day eighth round of working-level talks which began the same day in Beijing at the North Korean Embassy will be stalled again, diplomatic sources said.

North Korean delegates withdrew from the table some 10 minutes after the Japanese demanded information on the woman who allegedly tutored the agent responsible for the 1987 bombing of a South Korean airliner, Japanese officials said.

Japanese police say the woman, known as Yi Un-hye in Korean, was kidnapped to train Kim Hyong-hui, later convicted in the bombing of the Korean Air flight over the Andaman Sea which claimed the lives of 115 people.

Japanese delegates asked North Korea if there is such a tutor in North Korea.

The North Koreans reacted angrily and left, saying they will not sit at the table if the matter is on the agenda, the officials said.

Chon Yong-pok, deputy head of the North Korean delegation, told reporters later the airline disaster was "a plot fabricated by South Korea."

Chon said North Korea "has nothing to do with the Japanese tutor" who he said is unidentified and mysterious.

However, he said the breakdown in the working-level negotiations will not directly influence the main talks aimed at establishing diplomatic relations between Pyongyang and Tokyo.

Thursday's talks were originally scheduled for July but were put off because of inspections on North Korea's nuclear facilities by the International Atomic Energy

Agency (IAEA), inter-Korean prime ministers' talks, and Japanese Emperor Akihito's visit to China in October.

The last round was held in May.

Japanese delegation leader Noboru Nakahira told his North Korean counterpart Yi Sam-no that Japan would not normalize ties as long as Pyongyang took no steps to alleviate fears over its alleged nuclear weapons program.

Pointing to North Korea's refusal to agree to mutual checks of nuclear facilities with South Korea, Nakahira said, "international concern has not been eradicated yet. If this problem is not solved, normalization of ties will be difficult."

However, he acknowledged that with the limited inspections of North Korean nuclear facilities by IAEA inspectors in May "a certain amount of progress" had been made toward removing the biggest obstacle.

Yi blamed South Korea and the United States for blocking mutual inspections and said Tokyo was making up "the nuclear doubt" to justify its own nuclear ambitions.

"Despite increasing international concern, Japan continues to accumulate more plutonium than it actually needs," Yi said, citing the planned shipment of a ton of reprocessed plutonium from France for use in fast-breeder reactors.

He said Pyongyang had proved its peaceful intentions by allowing the IAEA to inspect its facilities three times.

Yi repeated demands for compensation for Japan's 1910-1945 colonial rule and World War II victims, including Korean women who were forced to serve as prostitutes in military brothels.

He said Japanese proposals to pay compensation based on the 1905 Korean-Japanese convention that transformed the Kingdom of Korea into a Japanese protectorate were invalid, as the treaty itself was void. He said the treaty had not been signed by Kojong, the Korean emperor of the time.

Nakahira was optimistic the establishment of Chinese-South Korean diplomatic relations in August will give new impetus to Japan and North Korea's efforts.

"Now that the international political climate has changed from hostility to reconciliation and new friendly relations have been set up in Northeast Asia, we firmly believe we can realize normalization of ties with North Korea," he said.

Further on Talks Breakdown

OW0511134092 Tokyo NHK General Television Network in Japanese 1000 GMT 5 Nov 92

[Text] The eighth round of negotiations between Japan and North Korea (DPRK) on normalization of diplomatic relations began in Beijing on 5 November. However, working-level discussions were interrupted over the issue of the Japanese woman called Yi Un-hye who allegedly taught Japanese to a North Korean agent named Kim Hyon-hui, who was responsible for the destruction of a Korean airliner. A plenary session scheduled for the afternoon has been suspended.

A working-level discussion, attended by deputy leaders of the two countries' delegations, began at 0530 GMT, taking up the subject of the Japanese woman called Yi Un-hye. However, at the outset of the discussions, Chong Yong-pok, North Korean representative, one-sidedly said that Japan was bringing up the subject of a Japanese woman who did not even exist, and that there was no need to listen to Japanese comments on an issue that has already been settled. Mr. Chong, together with the other North Korean representatives, walked out of the meeting less than five minutes after it began.

The Japanese side said that unless a discussion is completed on this issue, a plenary session in the afternoon could not take place. Negotiations are continuing with the North Korean side on resuming the working-level talks, but there is no prospect for a resumption so far.

During discussions in the morning, the Japanese side, in reference to the issue of North Korea's nuclear development, said that unless this issue is also settled, there would be difficulties in achieving normalized diplomatic relations. The North Korean side reacted strongly against this statement. Because the North Korean side is taking a stiffer attitude than previously noted, there are some views within the Japanese Government that there may have been a change in policy within the North Korean leadership concerning the diplomatic normalization talks.

Japan Said Causing 'Deliberate Difficulties'

SK0511153792 Pyongyang KCNA in English 1519 GMT 5 Nov 92

[Text] Beijing, November 5 (KCNA)—The eighth intergovernmental talks for the normalisation of DPRK-Japan diplomatic relations took place in Beijing today.

After the talks, the head of the DPRK delegation briefed reporters on them.

According to him, the Japanese side created deliberate difficulties before the talks by its trite method, arguing that the solution of the "nuclear problem" of the DPRK was indispensable to the progress of the DPRK-Japan talks, the diplomatic relations between the two countries could hardly be normalised unless the concern over the "program of the development of nuclear weapons" was dispelled and "North-South mutual inspection" was carried out.

The DPRK side refuted it in explicit terms and declared that though the DPRK had responded to Japan's proposal for talks for the normalization of diplomatic relations, it would not pursue the improvement of relations with Japan at the cost of its dignity and principle, since the Japanese side was laying artificial obstacles to the talks with such unreasonable preconditions as "nuclear problem."

An unofficial working-level contact between the sides took place today apart from the talks.

The DPRK side told the press conference that at the contact, the Japanese side again broached the fictitious problem of a Japanese woman and the DPRK side branded it as a sinister political intention to impair the dignity of the DPRK and bring the DPRK-Japan talks into a quagmire and clarified its resolute position no more to discuss it with the Japanese side.

Japan's Behavior Called 'Rude'

SK0611105192 Pyongyang KCNA in English 1027 GMT 6 Nov 92

["Japanese Side Is To Blame for Difficulty to 8th DPRK-Japan Talks, says Korean Side at News Conference"—KCNA headline]

[Text] Beijing November 6 (KCNA)—The DPRK Government delegation to the 8th DPRK-Japan talks called a press conference here this morning as the Japanese side refused to come out to the full-dress talks from the afternoon of November 5.

A member of the delegation spoke at the press conference.

He first told newsmen that the 8th DPRK-Japan intergovernmental talks for the normalization of diplomatic relations has been suspended from the afternoon of November 5 due to the Japanese side's unreasonable behavior.

According to him, between the third and fourth talks the sides held an unofficial contact of deputy department director level on the sidelines of the talks and agreed that the Korean side should only clarify its stand if the Japanese side requested an investigation into an unidentified Japanese woman.

He said the question of the unidentified Japanese woman broached by the Japanese side is a matter which has nothing to do with the DPRK, one that stems from Japan's sinister political intention.

He pointed out that the Korean side has repeatedly urged its counterpart not to raise any further this question whose truth has been brought to full light through unofficial contacts of deputy department director level in the past.

In particular, our side has already warned the Japanese side that it should not raise this problem again when negotiating the program of the 8th talks and, if they did so, we would manifest our resolute stand, he stressed, adding: Nevertheless, the Japanese side did such a rude act of refusing to come out to the talks on the afternoon of November 5 on the plea of the problem raised at the unofficial contact of deputy department director level which has been held apart from the talks.

Our side urged the Japanese side to stop such unreasonable behavior and accede to the talks, but it sent a phone message saying not to come this morning when our delegation was about to leave for the Japanese Embassy, the venue of the talks, he said.

He emphasized that this uncourteous behavior of the Japanese side means deliberately creating a difficulty in the way of the 8th talks and it is a dangerous act leading the talks to a rupture.

Our side will watch the attitude of the Japanese side, he declared.

Japan Says Talks 'on Verge of Collapse'

OW0611042392 Tokyo KYODO in English 0357 GMT 6 Nov 92

[Text] Beijing, Nov. 6 KYODO—Talks aimed at establishing diplomatic relations between Tokyo and Pyongyang appeared on the verge of collapse Friday as a Japanese call to resume working level talks went unanswered by North Korea, Japanese officials said.

The eighth round of talks got under way Thursday with a meeting between chief representatives Noboru Nakahira of Japan and Yi Sam-no from North Korea.

An afternoon round of working level talks, however, was interrupted when Japan demanded information on a Japanese woman it claims was kidnapped from Japan by North Korean agents to tutor a North Korean terrorist.

North Korean representatives charged the demand for information was not a matter of their concern and stormed out, saying "there is no need to listen further to the Japanese side's talk."

Following Friday's failure to restart the negotiations, Japanese sources said it was very probable that the talks would be called off.

In previous rounds of normalization talks, Japan has demanded information on the Japanese woman, identified as Yi Un-hye by confessed Pyongyang agent Kim Hyon-hui.

Kim said during a trial in Seoul that she posed as a Japanese tourist and planted the bomb that destroyed a

Korean Air jetliner over the Andaman Sea in November 1987 killing all 115 passengers and crew aboard.

North Korea has insisted that it knows nothing of either woman and further charges that the airline disaster is a plot fabricated by South Korea.

Meanwhile in Tokyo on Friday, government sources said, "since a Japanese has been restrained, it will not do to lay this aside," indicating Japan will continue to press for information on the missing Japanese woman.

The sources added that since they have testimony that the woman is in North Korea this should be investigated.

Japan Hosts Banquet for Koreans

SK0611000392 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 5 Nov 92

[Text] The Japanese Government delegation attending the eighth governmental talks between the DPRK and Japan on establishing diplomatic relations arranged a banquet for the DPRK Government delegation in Beijing on the evening of 5 November.

Invited at the banquet were members of the DPRK delegation led by Yi Sam-no, ambassador of the Foreign Ministry. Members of the Japanese Government delegation led by Noboru Nakahira, ambassador of the Japanese Foreign Ministry, attended it.

Japan

Miyazawa, Clinton Discuss Economic Cooperation

OW0611023592 Tokyo KYODO in English 0222 GMT 6 Nov 92

[Text] Tokyo, Nov. 6 KYODO—Prime Minister Kiichi Miyazawa and U.S. President-elect Bill Clinton agreed Friday to cooperate on resolving economic issues, the government's top spokesman said.

In a telephone conversation, Miyazawa and Clinton concurred that, with a combined gross national product accounting for 40 percent of world GNP, it is important for the world economy that they cooperate in the economic sphere, Chief Cabinet Secretary Koichi Kato said.

Miyazawa, speaking in English, praised Clinton's pledge to revitalize the U.S. economy, Kato said.

In the five-minute phone call, Miyazawa also welcomed Clinton's announcement that he will maintain continuity in foreign policy, and called for collaboration in promoting world peace and prosperity, the spokesman said.

Miyazawa said he hopes to meet at an early time, and Clinton replied that he intends to keep in close contact, the spokesman said.

They both recalled a 1985 meeting when Clinton, as governor of Arkansas, traveled to Japan to seek foreign investment, and met with Miyazawa as a senior member of the ruling Liberal Democratic Party, Kato said.

Hata Views Prospects of Clinton Administration

OW0611022992 Tokyo KYODO in English 0212 GMT 6 Nov 92

[Text] Tokyo, Nov. 6 KYODO—Finance Minister Tsutomu Hata said Friday he hopes the government will be able to have a frank dialogue with the administration of U.S. President-Elect Bill Clinton.

Hata told a regular news conference after a cabinet meeting that he expects Clinton, who he said seems to be serious about tackling the U.S. fiscal deficit, to endorse an improvement in the social infrastructure of the United States and facilitate the competitiveness of its business sector.

"Clinton seems to be a pragmatist and is likely to tell us whatever he thinks to be done," Hata said, but added Japan will also make a straightforward response.

With respect to domestic politics, Hata reiterated the importance of obtaining swift Diet approval for this fiscal year's supplementary budget in order to rejuvenate the economy. "The opposition parties should know that," he added.

Analysts say the passage of the supplementary budget, which puts into effect much of the pump-priming package announced by the government in late August, will take longer than the government had expected as opposition parties are linking it with the Tokyo Sagawa Kyubin scandal.

The scandal led to the retirement from politics of Shin Kanemaru, who had been the top power broker of the ruling Liberal Democratic Party.

United Airlines Complains Over Route Dispute

OW0611135192 Tokyo KYODO in English 1335 GMT 6 Nov 92

[Text] Tokyo, Nov. 6 KYODO—United Airlines has complained to the U.S. Department of Transportation that the Japanese Government is unfairly denying the U.S. airline's right to extend its New York-Tokyo service to Sydney, Australia, Japanese Transport Ministry officials said Friday.

United filed an application for flight extension with the Japanese Foreign Ministry in September through a diplomatic channel, the officials said.

Neither the Foreign Ministry nor the Transport Ministry accepted the application on grounds that an application for new service must be made directly with the Transport Ministry.

United seeks to inaugurate the service to Australia by adding a Tokyo-Sydney segment to its existing New York-Tokyo service.

United, which planned to start the New York-Tokyo-Sydney flights in late October, has been forced to postpone the start of the service until the end of December because of the dispute.

Japan and the United States are now required to seek a solution to the dispute within a maximum 180 days, the officials said.

If no solution is achieved in the period, the U.S. Department of Transportation could take retaliatory action against Japanese airlines in the United States, the officials said.

Oki Electric Seeks Microchip Tie-Up With AT&T

OW0511235992 Tokyo KYODO in English 2322 GMT 5 Nov 92

[Text] Tokyo, Nov. 6 KYODO—Oki Electric Industry Co. has embarked on negotiations with American Telephone & Telegraph Co. (AT&T) to form an alliance in the semiconductor field, a leading economic daily reported Friday.

The NIHON KEIZAI SHIMBUN said the major Japanese communications equipment maker and the U.S. telecommunications giant are discussing a tie-up in the joint development of application-specific integrated circuit microchips, and establishment of a production joint venture in Japan.

Oki Electric, now reeling from excessive capital spending in its memory microchip operations, wants to rebuild its business by beefing up its nonmemory semiconductor divisions through tie-ups with foreign high-technology firms, the daily said.

The proposed alliance would also help AT&T cement its foothold in the Japanese semiconductor market, it said.

Amicable Settlement of U.S.-EC Dispute Urged

OW0611030992 Tokyo KYODO in English 0251 GMT 6 Nov 92

[Text] Tokyo, Nov. 6 KYODO—International Trade and Industry Minister Kozo Watanabe expressed hopes Friday for an amicable settlement of the oilseed dispute between the United States and the European Community (EC) before U.S. punitive tariffs take effect.

Watanabe said at a press conference, "This is really regrettable."

He was referring to Thursday's U.S. announcement of punitive tariffs on 300 million dollars worth of EC exports in retaliation for EC oilseed subsidies.

He said the U.S. retaliatory measure cannot be described as wrong, because Washington has twice obtained rulings against the EC oilseed policy from the dispute settlement panel of the General Agreement on Tariffs and Trade (GATT).

Watanabe called, however, for U.S. efforts to settle the oilseed row with the EC before the punitive import duties become effective December 5, saying, "I want the United States to keep in mind its leading position as a free nation."

He said he is now pessimistic about whether the Uruguay Round of multilateral trade talks being conducted under GATT can be wrapped up by the end of the year, and that he is praying that the United States and the EC will reach an agreement.

Agriculture, Forestry, and Fisheries Minister Masami Tanabu indicated that his ministry will carefully watch developments in the U.S.-EC oilseed dispute.

He said he hoped the two sides would hold more talks within the next 30 days, before the punitive tariffs take effect.

The Agriculture Ministry appeared to view the U.S. move calmly, with one senior official saying, "any retaliatory measures taken by the two sides would not directly lead to the collapse of the Uruguay Round."

The U.S. and the EC have once before resorted to retaliation, in a January 1989 row over an import ban imposed by the EC on U.S. meat which it said contained hormones.

Ministry officials said they thus cannot completely rule out the possibility of the U.S. going ahead with the retaliatory measure. They said it is also unclear how U.S. President-Elect Bill Clinton will react.

Once the U.S. slaps the punitive tariffs on EC exports, the Uruguay Round is likely to be in danger of collapse, the officials said.

They expect efforts to be made to break the impasse, however, because each GATT negotiating nation has agreed to avoid a breakdown of the talks, which have been going on for six years.

The oilseed dispute is basically not a part of the Uruguay Round, they said.

Bilateral Talks With DPRK Halted in Beijing

OW0611153892 Tokyo KYODO in English 1521 GMT 6 Nov 92

[Text] Beijing, Nov. 6 KYODO—The eighth round of normalization talks between Japan and North Korea broke down Friday over Japanese allegations that a Japanese woman was kidnapped and forced to train terrorists in North Korea.

The breakdown lead to a deadlock in the negotiations, which started in January 1991 in an attempt to establish diplomatic ties between the two countries.

The most recent round of talks, originally scheduled to last two days, began Thursday [5 November] with a meeting between Japanese chief negotiator Noboru Nakahira and his North Korean counterpart Yi Sam-no at the North Korean Embassy here.

Working level talks began to break down Thursday afternoon, however, as Japan renewed its demands for information about a Japanese woman who Tokyo suspects was kidnapped by North Korea to act as a tutor for terrorists.

The Japanese Government maintains that the woman, known as Yi Un-Hye in Korean name, was forcibly taken from Japan to North Korea to train an agent responsible for the 1987 bombing of a South Korean airliner.

On November 29, 1987, a Korean Air Boeing 747 airliner exploded and crashed into the Andaman Sea off Myanmar [Burma], claiming the lives of all 115 people on board.

Angered by the demand, the North Korean delegation walked out of the talks some 10 minutes after they began, Japanese officials said.

The North Korean delegation said that North Korea has nothing to do with the allegations, and said it will not come to the negotiating table if the matter is on the agenda, the officials said.

Chon Yong-pok, deputy head of the North Korean delegation, told reporters after the breakdown of the talks that the airline disaster was "a plot conceived by South Korea."

Since main talks that were to follow were canceled as a result of the breakdown, the Japanese side repeatedly urged the North Korean side to resume negotiations. North Korean representatives did not accept the Japanese request, however, insisting that they will not change their stance on the issue, the Japanese officials said.

In previous rounds of normalization talks, Japan has demanded information about the woman who was identified by confessed Pyongyang agent Kim Hyon-hui.

During a trial in Seoul, Kim said she disguised herself as a Japanese tourist and planted a bomb that destroyed the Korean airliner.

Envoy: Time Not Ripe for Emperor's ROK Visit

OW0511145092 Tokyo KYODO in English 1244 GMT 5 Nov 92

[Text] Tokyo, Nov. 5 KYODO—Japanese Ambassador to South Korea Toshio Goto said here Thursday that now is not the right time for Emperor Akihito to visit South Korea.

In an interview with KYODO News Service, Goto said the emperor's visit to China last month had a positive effect on the South Korean public, but that the current mood there suggests that the time is not yet ripe for him to visit South Korea next.

Goto, speaking about the Japan-South Korea summit talks Sunday in Kyoto, said South Korean President No Tae-u aims to exchange views with Prime Minister Kiichi Miyazawa before his term as president ends in February.

No will pay a one-day visit to Japan on Sunday to hold talks with Miyazawa in the ancient capital of Kyoto. The talks were proposed by No when Miyazawa visited Seoul in January.

Goto said No timed the summit talks well considering the fact they will fall between Seoul's normalization of relations with China in August and the scheduled November 18 visit to South Korea by Russian President Boris Yeltsin.

The two leaders can hold frank discussions about what they want at the summit because the talks do not have a specific theme, Goto said.

Asked if Japan will ask for South Korea's help to solve a territorial dispute with Russia, Goto said it is "impossible," arguing that the issue is a bilateral problem between Japan and Russia and South Korea is not capable of bridging the gap between the two countries.

Japan has long demanded the return of four disputed islands off its northernmost main island of Hokkaido. The islands are Shikotan, Etorofu, Kunashiri, and the Habomai group of islets, which were seized by the former Soviet Union at the end of World War II.

Japan maintains it will not extend large-scale economic assistance to Russia or conclude a peace treaty with Moscow unless the territorial issue is resolved.

On a bilateral trade imbalance in Japan's favor, Goto said the problem relates to South Korea's industrial structure and therefore cannot be solved in the immediate future.

The Japanese Government has been searching for ways to improve the situation by enforcing such measures as cuts of tariffs on related products and transfers of technology, but a trade imbalance between private sectors makes such moves difficult, he said.

He also said it has not yet decided how Japan can embody its apology to South Korea for the fate of the so-called "comfort women," who were forced to provide sex to Japanese soldiers during World War II.

Ferry Services Negotiations With Russia 'Cool'

OW0611100792 Tokyo KYODO in English 0952 GMT 6 Nov 92

[Text] Tokyo, Nov. 6 KYODO—Private company negotiations to establish a joint ferry service between the Russian Far East and Japan have snagged, casting doubt over the plans, Japanese shipping sources said Friday.

Russian negotiators, in the latest consultations held last month in Otaru, Hokkaido, proposed using Russian ships for the services in reaction to a Japanese proposal to use a Japanese ship on a route linking Vladivostok in the Russian Far East, Niigata and Otaru in Japan, Korsakov in south Sakhalin, and Vanino in the Russian Far East.

But Japanese Transport Ministry officials, who were present at the talks as observers, were cool toward the proposal, saying it could lead to an exclusive use of Soviet ships, the sources said.

The ministry officials urged the Japanese shipping companies to hold detailed negotiations with the Russians only after exchanging agreements on basic principles for ferry services.

There is growing speculation in the industry that Russia, facing difficulties in the negotiations, will unilaterally start ferry services to link Vladivostok, Niigata, and Pusan, South Korea.

Diet Apology for Wartime Sufferings Proposed

OW0611104492 Tokyo KYODO in English 1023 GMT 6 Nov 92

[Text] Tokyo, Nov. 6 KYODO—Parliamentary Vice Minister for Foreign Affairs Koji Kakizawa has proposed that Japan adopt a resolution in the Diet to extend an apology to countries which suffered damage at Japan's hands during World War II.

Kakizawa makes the proposal in an article he contributed to the November edition of the monthly magazine "CHUO KORON," to be published Tuesday.

In the article, titled "Sino-Japanese Relations After Emperor Akihito's Visit To China," Kakizawa suggests that the resolution be adopted in the Diet by around 1996, half a century after the end of World War II.

Touching on China's concern over the participation of Japanese Self-Defense Forces in United Nations-led peacekeeping operations abroad, Kakizawa proposes establishing an Asian peacekeeping corps and having China and Japan join together in peacekeeping activities in Cambodia.

"To prepare for future regional conflicts in Asia, it is worth considering setting up an Asian peacekeeping corps which would jointly train UN peacekeeping personnel and jointly maintain equipment," he says in the article.

Kakizawa also points out the need to establish a framework for regional security in Asia and for promoting disarmament in the region.

He says Japan should keep close contacts with China to prevent the recurrence of "tension based on misunderstandings" and stresses the importance of exchanging officials in charge of defense and of setting up an information exchange system to establish mutual trust.

In the article, he voices concern over the modernization of China's military, saying it could lead to a "vicious circle" of military strengthening.

Company To Provide Drill Technology to PRC

OW0611114292 Tokyo KYODO in English 1119 GMT 6 Nov 92

[Text] Tokyo, Nov. 6 KYODO—Furukawa Co., a major nonferrous metal and machinery firm, on Friday agreed to provide its rock drill technology to three Chinese companies, company officials said.

The four-year agreement calls for Furukawa's technological assistance to the three firms—China National Construction Machinery Corp., Xuanhua Mining, and Tunneling Machinery.

Furukawa will supply main parts for assembly until the companies acquire the technology to make the machines themselves. The Japanese firm will also send engineers to the Chinese firms and receive trainees.

The rock drills will be marketed in China, they said.

Government To Resume Official Loans to Vietnam

OW0611025392 Tokyo KYODO in English 0238 GMT 6 Nov 92

[Text] Tokyo, Nov. 6 KYODO—Japan agreed Friday to resume extending official loans to Vietnam after a 14-year hiatus, offering Hanoi a 45.5 billion yen (about 370 million dollars) commodity loan, Foreign Ministry officials said.

The Japanese Government took the decision at a morning cabinet meeting. Japan suspended economic assistance to Vietnam in the wake of Vietnam's 1978 invasion of Cambodia.

Japanese Ambassador to Vietnam Hiroyuki Yushita and Vietnamese Foreign Minister Nguyen Manh Cam exchanged diplomatic notes relating to the 45.5 billion yen loan in Hanoi.

Officials did not clarify whether Friday's decision paves the way for the extension of all types of assistance, saying only that project loans would not be extended for some time to come.

They acknowledged it was arrived at after close consultations with the United States, which has long requested Japan to hold back on large-scale aid until Vietnam makes satisfactory efforts to account for American soldiers missing in action (MIA) from the Vietnam war.

Japan's resumption of loans comes just after the U.S. presidential elections, in which the MIA issue surfaced frequently, and in the wake of reports that Washington is pleased with Vietnam's recent MIA-related efforts.

U.S. Acting Secretary of State Lawrence Eagleburger told reporters in Tokyo last Friday that the United States is pleased with Japan's cooperation on the issue to date and that it "will not be affected by what the Japanese Government may decide" with regard to resuming aid.

Officials said that the commodity loan, which will go toward the purchase of petroleum products, medicines and vehicles, will carry the lowest possible interest rate of 1 percent and it will be repayable over 30 years, including a 10-year grace period.

They said the loan was technically facilitated by Hanoi's repayment Wednesday of arrears on official loans extended prior to 1979.

Vietnam had retaliated for Japan's aid cutoff by halting principle and interest payments due on over 20 billion yen in debts inherited from the former South Vietnamese Government in 1975. Interest has subsequently become due on a 10 billion yen loan extended to Hanoi in 1978.

Officials declined to specify the modality of Vietnam's debt servicing on Wednesday, except to say that the funds were not "directly" procured from the new commodity loan.

According to bank sources, six Japanese commercial banks provided a total of 23.5 billion yen in short-term bridging loans to Vietnam to service its official debt.

Japan has already been extending small-scale assistance to Vietnam for humanitarian or cultural purposes, which was never affected by the freeze on economic and development assistance.

Officials did not rule out any link between the extension of project loans to Vietnam and further progress in the process of Hanoi-Washington relations.

In Hanoi, Vietnamese Deputy Foreign Minister Vu Khoan said the resumption of Japanese assistance has brought Vietnam out of a decade of difficulties to a new era of broadening relations with not only Japan but also with other developed countries.

It also lays the groundwork for increasing Japanese investment in Vietnam, Khoan said.

"I would be satisfied even with a single dollar because Vietnam badly needs money to develop," Khoan said.

Another high-ranking official said, "we attach greater importance to the resumption itself than to the amount."

Business Forsees 'Sharp Increase' in SRV Trade

OW0611091592 Tokyo KYODO in English vietnam-business GMT 030092

[Text] Tokyo, Nov. 6 KYODO—Japan's latest decision to resume extending official loans to Vietnam after a 14-year hiatus is expected to pave the way for a sharp increase in bilateral trade and Japanese investment there, business sources said Friday.

The government decided in a cabinet meeting earlier Friday to offer Hanoi a 45.5 billion yen commodity loan. Japan had suspended economic assistance to Vietnam in the wake of Vietnam's 1978 invasion of Cambodia.

The sources forecast the decision will be followed by a resumption of Japanese trade insurance for deals with Vietnam and a restoration of loans by the Export-Import Bank of Japan for trade with the country.

The Vietnamese Government in 1986 began to introduce reforms aimed at transforming the country from a centralized economy to a market-oriented system.

In 1988, it implemented liberal foreign investment laws to allow wholly foreign-owned companies to operate in Vietnam.

In the first eight months of this year, Vietnam accepted 113 cases of foreign investment worth a total 1.1 billion dollars, which almost equaled the 1991 total.

But only 25 cases of Japanese investment in Vietnam were reported as of last July, and Japan was only ranked seventh among foreign countries and territories investing in the country. Taiwan led the list, followed by Hong Kong.

Japanese companies do have strong interest in business opportunities in Vietnam, the sources said, noting that 40 percent of foreign businessmen who visited the country last year were from Japan.

IMO Says Secrecy of Plutonium Ship Route Valid

OW0611111592 Tokyo KYODO in English 1058 GMT 6 Nov 92

[Text] Tokyo, Nov. 6 KYODO—Japanese secrecy surrounding the route it will use to ship plutonium home from France causes no direct security problems and is thus valid, the head of the International Maritime Organization (IMO) said here Friday.

In a meeting the press at the Transport Ministry, visiting IMO Secretary General William O'Neil said the key point is whether the plutonium can safely be shipped, adding that the ship's whereabouts have no direct link to security.

The Japanese freighter Akatsuki Maru, which left Japan on August 24, is now approaching the French port of Cherbourg to load a ton of plutonium that was reprocessed by France's state-run nuclear fuel company Cogema.

Citing security reasons, the Japanese and French Governments have been tight-lipped about what route the vessel will take.

The Akatsuki Maru is expected to return to Japan with the plutonium cargo by the end of the year.

Japan intends to ship about 30 tons of plutonium from Europe until 2010 after it has been reprocessed in Britain and France from spent nuclear fuel from Japanese plants.

The plan has sparked a number of countries and international environmentalist groups to raise concerns about the possibility of an accident at sea involving the extremely toxic substance.

Plutonium is also a key ingredient for making nuclear weapons.

The London-based IMO rejected last week's calls from the environmentalist group Greenpeace for an immediate postponement of the Japanese transportation scheme.

Miyazawa on Political Scandal, Cambodia Issues

OW0511054892 Tokyo KYODO in English 0527 GMT 5 Nov 92

[Text] Tokyo, Nov. 5 KYODO—Prime Minister Kiichi Miyazawa vowed efforts Thursday to eliminate damage caused by faction politics within the ruling Liberal Democratic Party (LDP).

"It is a problem if faction activities cause damage to the fair operation of the whole party," Miyazawa told a plenary session of the House of Councillors. He said he wants to establish what can be done to solve the problem and then carry it out.

Commenting on Arkansas Gov. Bill Clinton's victory over President George Bush in the U.S. presidential election, Miyazawa said Clinton's victory would not bring any major change in U.S. policy toward Japan.

Miyazawa was responding to questions from Wataru Kubo of the Social Democratic Party (SDP) in the extraordinary Diet session that began October 30.

He said he wants to regain public trust in politics, which plunged with a major money scandal involving Tokyo Sagawa Kyubin Co., by realizing political reform as soon as possible.

Touching on the scandal, he brushed aside suggestions that the summary procedure followed by prosecutors in the case of Shin Kanemaru, former vice president of the LDP, contradicts equality under the law, saying the prosecutors had fulfilled their duty "appropriately."

Kanemaru resigned from the House of Representatives in October after paying a 200,000 yen fine under a summary procedure, which enabled him to avoid a trial or questioning for accepting 500 million yen in illegal donations from Tokyo Sagawa Kyubin Co.

On the question of whether to summon Kanemaru and former Prime Minister Noboru Takeshita before the Diet as sworn witnesses to clarify their involvement in the scandal, Miyazawa said the government will "fully cooperate" if some kind of organization is set up in the Diet to probe the truth of the scandal.

A gangster organization approached by Tokyo Sagawa Kyubin reportedly ended a right-wing group's harassment of Takeshita when he was bidding to become prime minister in 1987.

Turning to foreign affairs, Miyazawa said Clinton's economic policy toward Japan is still unclear and Japan will be closely watching his government appointments.

On Japanese troops in Cambodia, Miyazawa brushed aside speculation that conditions for the dispatch have been broken by the Khmer Rouge faction, saying the framework for implementing the Paris peace accord is being maintained.

Miyazawa also said Tokyo is taking "internationally appropriate" measures for the controversial shipment of plutonium from France to Japan.

Later Thursday the prime minister will face four other questioners in the upper house and the House of Representatives, including Japanese Communist Party Chairman Tetsuzo Fuwa and Democratic Socialist Party Chairman Keigo Ouchi.

Prosecutors Gives More Details in Money Scandal

OW0511161992 Tokyo KYODO in English 1607 GMT 5 Nov 92

[Text] Tokyo, Nov. 5 KYODO—Retired political kingpin Shin Kanemaru offered 3 billion yen to a rightwing group in 1987 in a bid to silence its harassment campaign against Noboru Takeshita who was at that time running for the presidency of the Liberal Democratic Party and prime ministership, prosecutors said Thursday.

Another senior LDP politician Yoshiro Mori offered 2 billion yen to the same group, called Nihon Kominto meaning Emperor's Subjects Party of Japan, the prosecution said. Mori is currently chairman of the LDP's Policy Affairs Research Council.

Kanemaru made the offer through an agent, while Mori did so by himself, the prosecutors said.

Independently of Kanemaru and Mori, five other conservative politicians also asked the same rightwing group directly or indirectly to stop the anti-Takeshita harassment campaign, they said.

Among the five were Keizo Obuchi, who last month took over the leadership of the LDP's No. 1 faction founded by Takeshita and until recently headed by Kanemaru, and Seiroku Kajiyama who is also a senior Takeshita associate and currently chairs the LDP's Diet Affairs Committee.

But most of the politicians named in the depositions categorically denied having contacts with the Nihon Kominto group.

Prime Minister Kiichi Miyazawa, asked for comments at Thursday's Diet session, said it is up to the court to decide whether the prosecution's allegations are true.

Opposition leaders, meanwhile, vowed to strengthen their demands for a thorough probe into the money scandal.

The prosecutors also said Kanemaru asked the now deceased leader of the country's No. 2 underworld organization Inagawa-kai in 1990 to quell rightwing criticism of him for his visit to North Korea, which led to the opening of talks aimed at establishing diplomatic ties between Tokyo and Pyongyang.

Reading out depositions taken from witnesses, the prosecution made known these allegations in a court session trying a businessman who was accused of aggravated breach of trust in connection with the Tokyo Sagawa Kyubin money scandal.

Among the witnesses were the former president of Tokyo Sagawa Kyubin delivery firm, Hiroyasu Watanabe, and the head of the Nihon Kominto, Ryumin Oshima.

In 1987, Takeshita was one of three LDP presidential hopefuls, and Kanemaru was his main backer.

Watanabe is already known to have acted upon Kanemaru's request and asked the Inagawa-kai boss at the time, Susumu Ishii, to suppress the rightwing harassment of Takeshita.

Opposition parties are demanding both Kanemaru and Takeshita testify in the Diet about their involvement in the scandal and also about their links with mobsters.

The depositions also showed that Watanabe contacted Kanemaru, Takeshita, and another conservative politician Hideo Watanabe to gain assistance from banks for the now-defunct delivery firm. Hideo Watanabe is presently in the Miyazawa cabinet as posts and telecommunications minister.

At the extraordinary Diet's plenary session on Thursday, opposition parties requested all Diet members concerned as well as Kanemaru be summoned to testify on the flow of cash and alleged ties with gangsters.

According to prosecutors, Kanemaru, Obuchi and Kajiyama contacted in June-August 1987 the Nihon Kominto via third parties.

A proxy for Kanemaru offered 3 billion yen and Mori offered 2 billion yen to the group in exchange for ending the campaign, but Nihon Kominto rejected both offers, the prosecutors said.

Obuchi, Kajiyama and Mori all denied the allegations in separate press conferences Thursday.

Nihon Kominto allegedly told gang boss Ishii that it would stop the harassment on condition that Takeshita visits his one-time mentor, former Prime Minister Kakuei Tanaka, at his Tokyo home.

One month after then Prime Minister Yasuhiro Nakasone selected Takeshita as his successor, Kanemaru and Takeshita expressed their thanks to Hiroyasu Watanabe in a meeting at a Tokyo restaurant, prosecutors said.

In return for Ishii's help, prosecutors said Hiroyasu Watanabe allegedly extended massive loans and loan guarantees to firms with links with the Inagawa-kai, leading to Tokyo Sagawa Kyubin's bankruptcy.

On rightwing criticism of Kanemaru's approach toward North Korea as being "weak-kneed," his secretary asked Hiroyasu Watanabe to secure Ishii's help, and Ishii arranged through his underground connections for the harassment to stop, they said.

On alleged meetings to arrange financial help for Tokyo Sagawa Kyubin Co., prosecutors said Hiroyasu Watanabe met Takeshita, Kanemaru and Hideo Watanabe with Rekiji Kobari, chairman of the Fukushima Kotsu Co. Bus Company in June 1991.

Watanabe allegedly asked Kanemaru and Takeshita to get Sumitomo Bank and Sanwa Bank to extend 150 billion yen to reduce 450 billion yen worth of Tokyo Sagawa Kyubin's debts.

Later in the month, Kanemaru made a phone call to Sanwa Bank president Hiroshi Watanabe, asking for the bank's help, prosecutors said.

Kanemaru resigned from the House of Representatives in October after being fined 200,000 yen without trial or questioning for his receipt of an illicit 500 million yen political donation from Hiroyasu Watanabe in 1990.

During a House of Representatives plenary session on Thursday, opposition party members asked Miyazawa about the revelations of LDP members' alleged involvement in stopping Kominto's anti-Takeshita campaign.

But the prime minister only noted the importance of getting to the heart of the scandal to erase public suspicion over "what caused public distrust in politics."

He said the government will do its utmost to cooperate in Diet deliberations.

Kanemaru 'Persuaded' Takeshita To Visit Tanaka

OW0611075392 Tokyo KYODO in English 0743 GMT 6 Nov 92

[Text] Tokyo, Nov. 6 KYODO—Retired power broker Shin Kanemaru persuaded Noboru Takeshita in October 1987 to visit his former mentor, Kakuei Tanaka, which a rightwing group had demanded as a condition for stopping its anti-Takeshita campaign in the Liberal Democratic Party [LDP] presidential race, prosecutors said.

Takeshita visited Tanaka a few days later but was turned away.

The prosecutors were quoting a deposition made by Hiroyasu Watanabe, former president of the defunct delivery company Tokyo Sagawa Kyubin Co. Watanabe is charged with aggravated breach of trust for extending a huge amount of loans and loan guranteees.

The prosecution read Watanabe's deposition at a Tokyo district court session trying Jun Saotome, 54, a former managing director of Tokyo Sagawa Kyubin, who was indicted along with Watanabe on an aggravated breach of trust charge.

Reading a separate deposition taken from a businessman linked with mobsters, the prosecution named incumbent Transport Minister Keiwa Okuda as another politician who urged Watanabe to ask the underworld syndicate Inagawa-Kai to stop the anti-Takeshita harassment campaign.

Kanemaru's move allegedly resulted from the rightwing group Nihon Kominto's statement that it would stop its anti-Takeshita harassment if Takeshita visited Tanaka at his Tokyo home.

Takeshita took over most of the Liberal Democratic Party's biggest faction once led by Tanaka, a former prime minister. He won the 1987 LDP presidential competition to become prime minister but fell from power in disgrace two years later because of his involvement in the recruit stocks-for-favor scandal.

Acting on demands from Nihon Kominto, Kanemaru allegedly met Takeshita and Ichiro Ozawa at a Tokyo hotel in October 1987, said the Watanabe deposition read out by a prosecutor. Ozawa, regarded as Kanemaru's heir designate, is a former LDP secretary general under former Prime Minister Toshiki Kaifu.

Takeshita was at that time running for the presidency of the Liberal Democratic Party (LDP) and prime ministership, but he was reportedly hurt by the campaign by Nihon Kominto.

In 1987, Takeshita was one of three LDP presidential hopefuls, and Kanemaru was his main backer.

Tokyo Sagawa's Watanabe is already known to have acted upon Kanemaru's request and asked the boss of the country's No. 2 underworld organization Inagawa-Kai, Susumu Ishii, to suppress the rightwing harassment of Takeshita.

Kominto allegedly told Ishii it would stop the harassment on condition that Takeshita visit Tanaka.

At Kominto's request, Watanabe allegedly met Kanemaru, Takeshita and Ozawa at a Tokyo hotel on October 5, 1987.

At the meeting, Takeshita allegedly told the others he was reluctant to visit Tanaka, saying he "has now no hope" of becoming the LDP president.

But Kanemaru allegedly said in tears he "had worked hard up to today to only make Takeshita the LDP president," and persuaded Takeshita to accept Nihon Kominto's demand.

Takeshita tried to visit Tanaka the next day and Nihon Kominto stopped harassing him.

About a month after that, then Prime Minister Yasuhiro Nakasone selected Takeshita as his successor, and he and Kanemaru thanked Watanabe in a meeting at a Tokyo restaurant, prosecutors said.

Prosecutors said Takeshita bowed to Watanabe with both hands on the floor at the meeting, saying "thank you very much for (your help) this time."

One year after Takeshita became prime minister, Kanemaru met Inagawa-Kai's Ishii and Watanabe at a Tokyo restaurant to express his thanks to Ishii, prosecutors said.

In return for Ishii's help, prosecutors said Watanabe allegedly extended massive loans and loan guarantees to companies with links with the Inagawa-Kai, which led to Tokyo Sagawa Kyubin's financial difficulties.

Tokyo Sagawa Kyubin and several other regional trucking companies merged into Sagawa Kyubin Co. earlier this year.

In court Thursday, prosecutors revealed allegations that Kanemaru offered 3 billion yen to Nihon Kominto in a series of unsuccessful attempts in June-August 1987 by senior LDP members to stop the harassment campaign against Takeshita.

Another senior LDP politician Yoshiro Mori offered 2 billion yen to the group, the prosecution said. Mori is currently chairman of the LDP's Policy Affairs Research Council.

Nihon Kominto rejected the offers, prosecutors said.

Independently of Kanemaru and Mori, five other conservative politicians also asked the rightists directly or indirectly to stop the anti-Takeshita campaign, they said.

Among the five were Keizo Obuchi, who last month took over the leadership of the LDP's No.1 faction, which Takeshita founded and Kanemaru led until recently, and Seiroku Kajiyama, who is a senior Takeshita associate and now chairs the LDP's Diet Affairs Committee.

Most of the politicians named in the depositions denied having contacts with the Nihon Kominto group.

Kanemaru resigned from the House of Representatives in October after being fined 200,000 yen after admitting he received an illegal 500 million yen political donation from Hiroyasu Watanabe in 1990.

Miyazawa Seeks Ways To Refute Allegations

OW0611060592 Tokyo KYODO in English 0543 GMT 6 Nov 92

[Text] Tokyo, Nov. 6 KYODO—Prime Minister Kiichi Miyazawa vowed Friday to provide conservative politicians smeared by allegations of offering hush money to right-wing activists with an opportunity to clear their names.

Miyazawa made the promise as cabinet members and senior Liberal Democratic Party officers accused prosecutors of being unfair in allowing "one-sided" statements to be read in court claiming close contacts between senior LDP politicians and Nihon Kominto, or the Emperor's Subjects Party of Japan.

He called in the party's top executives and told them to find ways for those implicated to refute claims made in a court case Thursday.

Earlier, he had told the cabinet that the "honor of politicians and the party" is at stake.

During Thursday's court case, prosecutors read depositions from the president of Kominto, Ryumin Oshima, and from Hiroyasu Watanabe, the former president of the now-defunct trucking firm Tokyo Sagawa Kyubin Co.

Those depositions claimed that disgraced LDP kingpin Shin Kanemaru and six other LDP Diet members asked Kominto in 1987 to end its harassment of Noboru Takeshita, who at the time was seeking to become LDP president and prime minister.

The depositions were presented in the trial of a businessman linked with the country's No. 2 underworld syndicate Inagawa-kai, who was indicted on an aggravated breach of trust charge in connection with the Tokyo Sagawa Kyubin scandal.

The depositions read by prosecutors showed that Kanemaru offered 3 billion yen and another LDP politician, Yoshiro Mori, 2 billion yen in a failed bid to persuade the activists to abandon their anti-Takeshita street campaign using loudspeaker vans. Mori is the incumbent chairman of the LDP Policy Affairs Research Council, the governing party's policy board.

Mori, along with most of the other politicians, has denied contacts with the rightists.

The depositions also showed that Kanemaru's secretary asked Tokyo Sagawa's Watanabe to secure help from Inagawa-kai don Susumu Ishii, and Ishii arranged through his underground connections for the harassment to stop.

Miyazawa said he is concerned because the public thinks the claims are true, and the implicated individuals are being condemned without the opportunity to reply.

Those named in the depositions include Keizo Obuchi, Seiroku Kajiyama, Koichi Hamada, Masaru Urata, and Hirohide Uozumi.

Obuchi and Kajiyama are known as close associates of Takeshita, who won the 1987 LDP presidential race and became prime minister but fell from power in the wake of the Recruit stocks-for-favor scandal in 1989. Obuchi last month took over the leadership of the LDP's biggest faction founded by Takeshita and until last month led by Kanemaru.

Kanemaru retired from politics last month after admitting in a summary prosecution that he failed to declare political donations from Tokyo Sagawa Kyubin.

At Friday's twice weekly cabinet meeting, Home Affairs Minister Masajuro Shiokawa said the way in which the trial was being conducted "impairs the fairness of the court."

Foreign Minister Michio Watanabe told the session it was outrageous that prosecutors had revealed a one-sided view of "mobsters or people who are close to that."

"There are no grounds for this, or almost none. If we remain silent the matter will become an issue for the entire cabinet," he said.

He told reporters later that the allegations could shake international confidence in Japan.

International Trade and Industry Minister Kozo Watanabe told reporters after the cabinet meeting that the prosecution's allegations are unfounded. Such allegations that have given rise to public suspicions are a violation of human rights, he said.

Some cabinet ministers complained that the court businesses were reported by the media in an unbalanced manner.

In a related move, LDP Secretary General Tamisuke Watanuki expressed the governing party's readiness to take legal steps to protect the rights of the politicians named in Oshima's deposition.

"The prosecution affidavit reveals simple hearsay and the questioning of a now-deceased Nihon Kominto official without collaboration and thus incorporates a tremendous problem in light of human rights protection," Watanuki said in a statement.

"I can tell you that our party is considering appropriate legal steps about this case," he said.

Under Miyazawa's directive, Watanuki will meet with those named to seek their explanations on the claims after consulting lawyers, party officials said.

Says Court To Judge Involvement

OW0611062692 Tokyo KYODO in English 0615 GMT 6 Nov 92

[Text] Tokyo, Nov. 6 KYODO—Prime Minister Kiichi Miyazawa said Friday he will leave to the courts a final judgment on whether ruling party politicians were involved in a bid to stop a right-wing group's harassment of Noboru Takeshita at the time of his candidacy for party presidency in 1987.

Miyazawa was replying to questions from Komeito parliamentarian Hiroshi Tsuruoka and Japanese Communist Party (JCP) Diet member Shoichi Ichikawa at a plenary session of the House of Councillors.

Referring to a court affidavit from a right-wing group leader, Miyazawa said, "the deposition was reportedly revealed at one stage of a trial...The prosecution is not saying it is the truth. (Judges) will rule on its truth or falsehood in court later."

Prosecutors read out depositions from the rightist group Nihon Kominto on Thursday in the Tokyo District Court trial of Munenobu Shoji, president of Hokusho Sangyo Co., a real estate firm linked with the Inagawa-kai criminal organization. Shoji is charged with breach of trust in connection with the Tokyo Sagawa Kyubin Co. loan scandal.

The depositions said seven Diet members of the Liberal Democratic Party (LDP) approached the group and asked it to stop its campaign against Takeshita between June and August 1987, shortly before he won the LDP presidency in October 1987 and the premiership in the following month.

The agent of retired LDP kingmaker Shin Kanemaru and Yoshiro Mori, head of the party's Policy Affairs Research Council, offered donations of 3 billion yen and 2 billion yen, respectively, to Nihon Kominto to drop its anti-Takeshita campaign, the depositions said.

The affidavits also named former LDP Secretary General Keizo Obuchi, Seiroku Kajiyama, chairman of the party's Diet Affairs Committee, and Koichi Hamada, as directly or indirectly asking the group, based in Takamatsu, Kagawa Prefecture, to drop its campaign.

Obuchi, Kajiyama, Mori, Hamada, and Takeshita later denied the allegations.

In the Diet, Miyazawa said the government and the LDP will make their own efforts to discover the truth of the allegations.

The LDP politicians named in the affidavits should be given a chance to refute the allegations, he said.

Earlier Friday, Miyazawa instructed the party leadership to consider giving to the named lawmakers a chance to have their say on the allegations so as to restore the honor of the ruling party and the politicians.

Wants To 'Unravel the Truth'

OW0611095492 Tokyo KYODO in English 0936 GMT 6 Nov 92

[Text] Tokyo, Nov. 6 KYODO—Prime Minister Kiichi Miyazawa on Friday said he wants to unravel the truth behind allegations that ruling Liberal Democratic Party (LDP) politicians attempted to silence a right-wing group's harassment of former Prime Minister Noboru Takeshita in 1987.

Miyazawa said, "the allegations threaten to stain the honor of the politicians and the party. I dare say that our party wishes to uncover the truth."

Miyazawa made the remarks at a plenary session of the House of Councillors in reply to questions from Komeito Diet member Hiroshi Tsuruoka and Japanese Communist Party Diet member Shoichi Ichikawa, as well as other opposition politicians.

In addition, the prime minister said he will leave to the courts the final judgment on whether the LDP lawmakers actually did try to stop the harassment campaign by the group Nihon Kominto, the Emperor's Subjects Party of Japan, against Takeshita. At the time, Takeshita was in his successful campaign for the LDP presidency and the prime ministership.

The allegations were in court depositions made public Thursday.

"The deposition was reportedly revealed at one stage of a trial...the prosecution is not saying it is the truth. (Judges) will rule on its truth or falsehood in court later," Miyazawa said.

A prosecution statement Thursday showed that disgraced political heavyweight Shin Kanemaru, LDP senior official Yoshiro Mori and five other LDP Diet members allegedly attempted to stop Kominto's harassment of Takeshita.

The deposition from Kominto's Ryumin Oshima was presented in the Tokyo district court trial of Munenobu Shoji, president of Hokusho Sangyo Co., a real estate company linked with the Inagawa-Kai crime syndicate.

Shoji is charged with breach of trust in connection with the Tokyo Sagawa Kyubin Co. loan and loan guarantee scandal.

Kanemaru's proxy offered 3 billion yen to Kominto to persuade it to stop the anti-Takeshita campaign, and Mori, chairman of the LDP Policy Affairs Research Council, offered 2 billion yen, LDP officials said in a separate court statement.

The five other LDP politicians named in the depositions were former LDP Secretary General Keizo Obuchi, Seiroku Kajiyama, chairman of the party's Diet Affairs Committee, Koichi Hamada, deputy secretary general of the party, the House of Representatives member Hirohide Uozumi and the upper house member Masaru Urata.

Kanemaru, Obuchi, Kajiyama, Mori, Uozumi and Urata strongly denied the allegations. Takeshita dismissed them and said he will later explain to the public about them in the Diet.

Miyazawa told the Diet the LDP politicians named in the depositions should be given a chance to refute the allegations.

In a related move Friday, LDP's top executives, under Miyazawa's instructions, began seeking explanations from the accused politicians at the party's Tokyo headquarters.

The governing party will file a defamation complaint with the Tokyo District Public Prosecutors' Office against Kominto's Oshima and prosecutors next week, party officials said.

During his Diet appearance, Miyazawa also said the conditions for Japan's participation in a United Nations peacekeeping mission in Cambodia remain unbroken despite the Khmer Rouge rebel group's refusal to join the second phase of the Cambodian peace accord.

"The Khmer Rouge is saying it is abiding by the Paris Agreement and is not saying it will launch a fresh war. So, the basic framework (of Japan's conditions for participation in the peacekeeping mission) has been maintained," he said.

The Khmer Rouge, the militarily strongest of the three groups opposing the Vietnamese-installed Phnom Penh

Government, has refused to disarm its troops and is restricting the movements of UN Peacekeepers in areas it controls.

Asked if he has any intention to visit Cambodia to reaffirm Japan's pacifism, Miyazawa said he would consider it.

Economic Trends, Policy Response Debated

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[Roundtable discussion dated 25 June with Shoji Saito, adviser to Sakura Research Institute; Yukio Noguchi, professor at Hitotsubashi University; Masao Yokomizo, assistant managing director of Nikko Research Center; and Shoichi Kojima (chief, First Domestic Research Division, Research Bureau, Economic Planning Agency): "Trends in the Japanese Economy—An Economy Going Through a Process of Adjustment"]

[Text] The Japanese economy currently is in a process of adjustment. When will the economy recover? What will be the extent of the effect of the burst bubble? Is it necessary to muster public finance? These are urgent problems on the policy scene.

In this roundtable discussion, the current state and outlook of such an economy is discussed, centering on the viewpoint of analysis and policy response.

[Kojima] (Moderator) Today, we would like to discuss "the trends of the Japanese economy which is in a process of adjustment.

First, looking at this process of adjustment, there was continued high demand for facilities investment, housing construction, and durable consumer goods under the high growth which lasted for a long time. That has run its course and the stock adjustments of a slowdown have occurred. Inventory adjustments have occurred along with that.

In addition to the basic real economy mechanisms of stock adjustment and inventory adjustment, this time the creation and bursting of the bubble occurred when land prices and stock prices rose on a large scale and later dropped. A special characteristic is that this has worsened and made fragile the financial structure of the finance and securities industries and the real estate industry over the midterm.

However, the Japanese economy is basically an economy with positive growth. In that sense, it is a cycle with close to full employment and a high operating rate and low unemployment rate. This high level also has been dropping considerably recently, and I think this picture is close to previous economic recession situations.

I believe that it can be viewed this way, but what do you think?

Adjustment Process Leaves Special Characteristics of Giant Economy

[Yokomizo] I believe that there are three special features of this economic recession.

The first is that it is a recession after a long period of prosperity. Prosperity phenomena spread to the corners of the economy because the period of prosperity was long. In other words, the level of economic activity was high, the worker shortage heightened considerably, and spending expanded in the various aspects of investment and consumption such as luxury consumption due to the long-term prosperity while embracing the bubble.

As a result, even after entering an economic recessionary phase, hardly any perception of a recession was felt at the initial stage of the recession. I believe that it was realized after it had fallen to a certain extent and a hasty response was attempted.

Therefore, it should be called a "recognition-lag slump" and the adjustment afterward was swift. I believe that has either delayed the date of the bottoming out of the economy or deepened the bottom.

The second is that it is a recession that has not been caused by a foreign shock. There was no foreign shock such as the oil shock or high yen slump, and it was an opportunity for the Bank of Japan [BOJ] to tighten money quickly to prevent inflation. When it is an economic recession in response to a foreign shock, the economy inevitably falls rapidly from the first, but this time it was a moderate economic recession at first. This is linked to the previously mentioned recognition lag of long-term prosperity.

The third is that it is a recession that accompanied the aftereffects of the bubble. Stock prices have dropped, land prices have dropped, and it involves problems based on the stagnation of real estate transactions. It will probably take several years to adjust to the aftereffects of this bubble. I believe that the recovery speed will have to be slow, and not a V-shaped recovery.

[Saito] To express the current state of the economy in familiar terms, it probably can be called a hangover. This recession is prolonging the special characteristics of giant economic expansion. This giant boom undoubtedly centered on expansion of domestic demand. Since this economy is like viewing cherry blossoms and drinking sake, we got drunk on viewing the cherry blosoms and drinking the sake. We drank it up until the very last and therefore we are now feeling the hangover. In this connection, some say that biting the hair of the dog that bit you is good for curing a hangover, but I will discuss that later.

However, it is not much different compared to past prosperity and later recessionary phases. That was the stock adjustment sustained from realizing an economic growth of over 5 percent over a period of four years centering on facilities investment and individual consumption. The tight money accompanying the Gulf crisis became the trigger. This process also resembles the end of the Izanagi boom. In the sense that this time there are no restrictions in the area of the international balance of payments, it is clearly different from the recessionary periods before 1965, but with the exception of the oil shock, it greatly resembles those after 1965.

Financial Aspects Also Noted in Recent Economy

[Saito] To characterize this economy, it was a cycle that occurred right in the middle when deregulation of Japan's financial capital market was greatly progressing in the course of deregulation and removal of regulations since about the time of the U.S.-Japan Yen-Dollar Committee. Wasn't the bubble one of the manifestations of that? I believe that one of the characteristics is that it was an economic cycle accompanying reform of the financial system with great influence on the foundations of the economy.

The second characteristic is that there has been expansion of the economy and a recession while stock adjustment is progressing in the wide sense of the human stock of the labor force population or the production age population having decreased these past few years. It is an economic fluctuation in the form of large stock adjustments that have never before been experienced looming just ahead in the near future.

[Noguchi] I would like to state three points. The first is that this economic recession is a very classical or textbook phenomenon. As you now pointed out, stock adjustments are occurring as a reaction to the high growth of the past. Adjustments first are appearing in inventory, and also are appearing in facilities investment and housing investment. Inventory adjustment in particular is the most classical cyclic factor in economic textbooks. It has been said that inventory cycles are dead, but that is not true and, indeed, the most classical cyclical phenomenon is occurring.

What should be noted is that these trends are all phenomena in the real aspect. In that sense also, they are classical and textbook. Even though tight money is a trigger, it is not the main cause of an economic recession.

Second, the sectors that are seriously affected by a recession are limited to a portion of the economy. The production index and corporate profits have declined overall, but that is due to the aspect that the levels originally were too high. It indeed became a negative growth rate because the level was too high for a growth rate, but the level is still high. Even though the ratio of effective labor demand to effective supply is dropping, it exceeds 1. Even from the viewpoint of the consumer, I believe that many people probably really feel that the situation is normal rather than serious.

Third, very serious problems have arisen in the financial sector and real estate field. I believe that these are problems that will extend several years in the future. However, I do not believe that this has accelerated the fall of the real economy. A while ago I mentioned that there were some serious problems, but the aftereffects of the burst of the bubble are basically understood as a financial problem.

Inventory Adjustment Steadily Developing

[Kojima] I believe that argument is divided about the bubble as to whether it has weakened the recovery of the economy overall for the long-term or, as Mr. Noguchi says, the effects of the bubble are limited to financial aspects.

Here, I would like to ask for some views on how long or how deep stock adjustments and inventory adjustments will be in the real economy.

If facilities investment growth shows a large drop in the manufacturing industries and is a minus even in nonmanufacturing industries compared to the high growth period, I believe that facilities adjustments will be deep compared to the 1980's.

However, about one-third of total investment is renovation investment and this portion changes rather stably. Independent investment riding on top of that is made to the extent that rationalization and labor savings are provided in a worker shortage era as Mr. Saito has pointed out, and I believe that it works as a factor supporting facilities investment.

As regards inventory adjustment, the inventory ratio now has stopped at a level of about half that of the high growth period thanks to the development of inventory control technology, and has narrowed the effects of inventory fluctuation on the fluctuation of the economy.

In short, the mechanism of fluctuation itself grimly exists for both stock adjustment and inventory adjustment. However, I believe that there also is a mechanism that narrows and stabilizes the effects of that on fluctuations of the economy. What do you think about that point?

[Saito] First of all on inventory adjustments, I, myself, have the impression in reading the economic white paper for last year that inventory cycles had disappeared. That is a mistake, and they probably exist as inventory on hand for assembly manufacturers, inventory for related subcontractors, that of raw materials manufacturers, and that at the distribution stage. I believe that the large effects which fluctuations of inventory have on fluctuations of the economy for the short-term cannot be ignored. On the contrary, I believe that the problem of inventory adjustment tentatively should be considered at a time when we are heading for recovery after an economic recession.

The problem is the adjustment in facilities investment, and I would like to emphasize the distinction between large corporations and medium-sized to small firms rather than a distinction between manufacturing and nonmanufacturing. In particular, rather serious stock adjustments such that there will be no recovery even in fiscal 1993 probably cannot be avoided in the classical large corporation facilities investment previously mentioned. In that sense, I believe that it will bring a minus effect which cannot be ignored in the future ability to recover and the power of Japanese economic growth after recovery.

Since the facilities investment of midsized and small firms has so far been in the form of high adaptability to the macroeconomy, however, I believe that this can be expected to a certain extent once the economy recovers.

[Noguchi] I believe that anyone can perceive that stock adjustments are occurring in inventory, housing, and facilities investment. The problem is to what level will it go now, but I believe that considerable adjustment will develop in inventory investment due to the reduction of production at a fast pitch. Housing is recovering, with about 1.4 million homes on an annual rate basis in April of this year, and adjustment is probably proceeding faster than expected considering that quite a lot of investment was made in the 1980's.

I believe that the biggest problem is facilities investment. Mr. Saito pointed out that it is important to distinguish between large corporations and smaller firms, but I believe that the circumstances are considerably different between manufacturing industries and nonmanufacturing industries. The facilities investment of nonmanufacturing industries which occupy great weight amounting to about 60 percent has not fallen as much as in manufacturing industries. I have to believe, however, that it will take considerable time for adjustment of the high rate of growth which substantially has been two figures so far. For that reason, it seems that future economic recovery will not be that strong.

Possibility That Adjustments Will End in Fall Can Be Viewed

[Saito] I believe that inventory adjustment will end and production will recover in October. Between July and September seems a little difficult. Bottoming out this fall, however is premised on a policy response of a certain scale and if that does not happen, it will slip to next year.

[Kojima] The pattern of the past has been for inventory adjustments to take three or four quarters. Since it has been carried out from October to December last year in materials, I believe that it will about July to September, but since it began after the start of this year in processing and assembly, I feel that this will end within the year.

[Yokomizo] It seems that inventory adjustment is progressing, but production during last year certainly was bearish and, besides that, demand was weak and inventories piled up. Since the beginning of this year, production has been curbed, the adjustment rate has been strong, and the inventory level finally fell in the first quarter of this year.

As regards the future, however, I am concerned that shipments have hown negative growth this January to March and April also. In other words, although production has been curbed, final demand is weaker than expected. I believe that whether or not inventory adjustment will proceed smoothly depends on the policy response by government, as stated by Mr. Saito.

Several plus factors already have appeared in other demand aspects. Housing hit bottom around October to December last year and is recovering. Exports seem to be increasing centering on exports of semiconductors along with the economic recovery of the United States. The preliminary breakout of public works in the first quarter as a government emergency economic measure also has certainly been a plus factor. Therefore, if production continues to be curbed in the future, it will be a situation where a trend can be foreseen for inventory adjustment to have run its course by around the latter half of the October-December quarter.

However, a point is whether the curb on production can be sustained in the future and whether corporate thinking and consumer weakness offset the positive aspect of demand, and depending on that, I believe that one cannot exclude the possibility that the end of inventory adjustment will slip into year.

As regards facility investment, the drop in interest is an element for improved profitability, but on the other hand, corporate earnings continue to drop and a positive trend still has not appeared in the area of investment profitability. Viewing the supply and demand relationship, current final demand is weak and inventory adjustment is also proceeding. Consequently, the element of facilities investment beginning to increase is particularly weak in the manufacturing industry at present.

It will probably be a natural trend for facilities investment to begin to increase when inventory adjustments are proceeding, the supply and demand relationship improves, and corporate earnings begin to increase in the future. The concern, however, is that total capital turnover is now at the lowest level since the war. The turnover rate is low because investments increased and capital stock increased too much since capital could be procured at a very low cost during the economic boom. It will probably take several years for adjustment because facilities stock is so great.

Another thing may be that the problems embraced recently by the financial sector of the stock market and banks related to the aftereffects of the bubble have become a factor for foot-dragging in facilities investment.

From these two aspects, considering a normal course where inventory adjustment has been completed, the economy has hit bottom, and recovery has begun, I am concerned that facilities investment has hardly increased in some cases, and it is becoming a rather serious situation where far from slowing economic recovery, fears of and even deeper bottom cannot be excluded.

Bubble Effects Extend to Several Routes

[Kojima] Mr. Yokomizo has just spoken, but it is believed that there are several routes to influencing an economy accompanying the collapse of the bubble. Operating profit and loss worsens from both a decrease in sales due to the economic recession and increased costs in fixed expenses after large facilities investment. On the other hand, the worsening of non-operating or extraordinary profit and loss such as appraisal loss on owned stocks from the collapse of the bubble is worsening the earnings of individual corporations. Furthermore, it is believed that the effects extend to availability of facility investment capital and capital cost along with the worsening financial structure of the finance, securities, and real estate industries.

Looking at the current situation, I believe that the worsening of earnings after large facilities investment is occurring now, just as it did after the Iwato boom and the Izanagi boom in the past.

It is believed that the bursting of the bubble affected consumption first. However, a capital loss of 77 trillion yen occurred from the drop in stock prices in 1990, but its effect on consumption did not exceed -1 percent because the total amount of family-owned stocks is not large. Since the drop in 1992 is about a third of that, the effect on consumption is ⅓ percent, and this is not so large.

On the other hand, looking at the effect on the availability of capital for facilities investment and the rise in capital cost, capital flow channels have become diversified in availability with procurement by regular corporate bonds and expansion of financing from government-related financial institutions. As for the rise in capital cost, while it has now been restored to normal to a certain extent since it was too low at the time of the bubble, it is dropping a little further. Consequently, I do not believe that these factors will prevent a recovery in facilities investment. What do you think about this point?

View of Little Effect on Real Economy

[Noguchi] Inherently, the bubble in a narrow sense is the portion that cannot be explained by fundamentals in asset prices. However, I believe that we should consider it more widely here as the influence on fluctuations of asset prices.

In that case, as you just stated, there are several routes by which it exerts an influence on the real economy. One is the reverse assets effect on consumption. As Mr. Kojima says, I believe that consumption was affected to a certain extent by the fall of stock prices in 1990, but the drop since the beginning of the year has not had much of an influence.

The basic cause of that is that the relative weight of stocks in family assets is not very large. This is a special situation in Japan and the stock market is different in character from that of Europe or the United States. If pension funds, which are considered institutional investors, invest large amounts by using stocks, a drop in stock prices has a very big effect, but such an effect is slight in the case of Japan. That is because the stock market is the site of money games.

A problem is whether the fall of land prices which is another asset price has a reverse asset effect, but the major portion of land is real estate for residential use and it is a type of asset which is very difficult to apply to consumption by selling it. Consequently, I do not believe that a fluctuation of land prices basically has an asset effect on consumption.

Next, there is the influence on facilities investment, but as Mr. Kojima pointed out, this has the two aspects of cost and availability. Capital costs certainly are rising. However, two points should be noted here. First, it is a fact that, backed by the sudden jump in stock prices in the latter half of the 1980's, corporations procured capital at low cost by equity finance, but it is doubtful whether that became a factor in increased facilities investment. Actually, large corporations procured capital with equity finance and invested that in financial assets. A kind of money game progressed where that was invested in stock and land via financial institutions and further increased asset prices. Conversely, it should be noted that, although stock prices fell greatly in 1990 and equity finance stopped for the most part, there has been considerable facilities investment this year.

Second, at present, the cost of capital is higher compared to then, but the 6-percent long-term prime rate is not very high viewed from the average of the past. I do not believe that it basically has caused a curbing of facilities investment.

As regards the problem of availability, it is said that financial institutions are reluctant to make loans because they are reducing assets since the Bank for International Settlement [BIS] regulation of 8 percent cannot be reached if stock prices fall below the 16,000 yen level. It is necessary to differentiate in this explanation between the two matters of whether such a thing already has occurred or whether such a thing probably can occur in the future.

First, on the first point, I do not believe that the BIS regulation as of today has become a condition restricting the availability of capital. I believe that it is a fact that there has been more rigorous examination than before of the recipient of loans on an individual branch level, but viewed overall, the basic cause of the drop in the growth of the money supply has been on the demand side.

The second point is that I believe that it is difficult to consider that it will be restricted in the future when the demand of facilities investment increases. Large corporation dependence on banks has already dropped considerably and investments probably will be made in the future also by direct procurement from the capital market or funds on hand. Moreover, since financial institutions are not directly affected by the BIS regulation in regards to small and midsized firms, it is difficult to consider that there will be a restriction on this point also.

Collapse of Bubble as Financial Sector Problem

[Noguchi] One important problem now is the large problem of the financial sector of how to dispose of bad debts for the liquidation of real estate investments or money games that were conducted in the latter half of the 1980's. Investments in real estate that were made aimed at raising land prices have failed everywhere. The problem is that financial institutions are deeply involved in this process.

If the real estate industry that is the loan recipient cannot dispose of land that it holds, interest payments will pile up and overdue debts will be generated. Then even if they sell the land they hold to deal with this, they cannot fully cover the debt with a mortgage because they bought it at a high price and in the net sense, a loss is generated.

The problem is how great is this, or can the Japanese financial system as a whole handle this problem? It is very unclear since a bad debt disclosure obligation is not imposed in the case of Japan.

Regarding this, the Ministry of Finance has announced the figures of about 7-8 trillion yen for the total amount of bad debts, and about 2-3 trillion yen for net bad debts that cannot be eliminated by disposal of collateral. Since 2-3 trillion is about 1 percent of the total amount of loans, it is not such a big problem. However, this problem has just begun and the full picture of bad debts that will expand in the future is still not known.

I, myself, view gross bad debts at about 30 trillion yen and the portion of that which cannot be recovered by selling land is probably about 4 trillion yen maximum.

This is an estimate, but I think the amount is rather large. It will take quite a few years to amortize this especially by business profits. However, it is a manageable amount since financial institutions have considerable latent profits, with city banks alone holding about 10 trillion yen.

Therefore, I do not think it is a problem as a whole. There is a possibility, however, that problems will be generated in a limited way in midsized to small financial institutions with weak constitutions. I doubt that the policy will continue forever of not letting financial institutions fail, like the case of the Toyo Credit Association. Situations like those in the United States where financial institutions fail and deposit insurance is applied will probably happen in the future. In that case, there is fear that a chain reaction will be invoked and the problem will expand beyond reality because Japan has not experienced that at all since the war. In this sense, it is not a problem that cannot be managed as a whole, but I don't think we can be optimistic by any means.

Collapse of Bubble Weakens Corporate Thinking

[Yokomizo] When the Nikkei average stock price was 20,000 yen, in short, the situation up until March, the money economy did not exert any serious influence on the real economy and I believe that we basically followed a normal cycle pattern. Since April, however, the drop in stocks has not stopped. They are dropping because there are no prospects for a future increase in corporate earnings. They continued to sag for several days directly after the announcement of government and Bank of Japan [BOJ] fiscal and monetary policies which should have been a plus factor. Recently, although the BOJ short-term outlook for the future showed improvement, stock prices have dropped further and it feels as if it is becoming a "stock price revolt" phenomenon.

I believe that if this situation where it falls considerably below 20,000 yen continues for several months, corporate thinking will weaken and the world of the money economy will inevitably exert an influence on the real economy. In addition, since the appraisal profit of the stocks which corporations hold is dropping, this is worsening corporate earnings and exerting a negative influence on corporate activities. Equity finance is difficult for the problem of availability and when it falls below the 20,000 yen level, considered a threshhold for the BIS regulation problem, it becomes a rather strong element for reluctance to loan in relation to the BIS regulation. Moreover, a problem of repaying previously issued warrant bonds and convertible debentures has occurred due to the drop in stock prices.

Although banks had a latent real estate profit of 10 trillion yen, since it dropped further after March when stock settlements were made, the latent profit has been further reduced and the problem of disposal of bad debts has become rather difficult.

In various aspects, elements for foot-dragging in corporate activities are becoming rather strong. Particularly in regards to facilities investment, it will probably exert an influence if it continues this way in the future. Consequently, speaking from its relationship with the real economy rather than just as a stock market problem, I believe that policies are now desired that will cause a recovery of stock prices to a certain extent.

Process of Influencing Real Economy

[Saito] In a word, I view the influence as quite great.

As regards corporate earnings, the operating profit ratio inherently has been by no means high even during the recent great boom. The influence exerted by the high yen was particularly severe on manufacturers and actually they did not make that much profit in their main business. The recurring profit ratio, however, was quite good, but it was a condition of corporate earnings in a big boom. As regards operating profit and loss itself, it is a situation where the originally lowered profit ratio has not risen that much. In addition, I believe it has been rather serious since the bursting of the bubble has been in the direction of great foot-dragging in corporate earnings in the aspects of non-operating and extraordinary profit and loss. Indeed, it is not corporate bankruptcies caught up in the so-called bursting of the bubble, but recessionary bankruptcies that are increasing.

Isn't the influence exerted on facilities investment very great? I believe that the classical rise in stock and land asset prices in a cherry blossom-viewing and sake-drinking economy undoubtedly made corporate managers optimistic and aggressive. Japan made extensive direct investments overseas in this period and backed by extensive facilities investment at home, I believe that the uplifting of the thinking of corporate managers was great.

In the aspect of individual consumption, the product composition of department stores has really changed since the summer of last year. High-priced products have not sold at all and they are changing to high-quality, low-priced products. Spending habits probably are changing downward. The deceleration of the economy has been an influence, and I believe that the consumer's outlook on the future has become quite pessimistic.

In the aspect of corporate managers, there are both aspects of availability and capital cost.

First, I believe that capital cost has an influence. Let's consider that market interest is 6 percent. Managers who feel that the burden should be made as much as possible on the 1-percent level as it has up to now and that dividends should be made later when profits have risen probably have not found business in the vicinity of corresponding to 6 percent. In that sense, I believe that the influence exerted by capital cost has been very great.

As regards availability, close to 80 percent of domestic loans both at banks nationwide and city banks are loans for individuals or midsized and small firms.. It has been said that the facilities investment by smaller firms is a factor which can be anticipated in the future in the economic recovery process, but I believe that they will borrow from financial institutions since they cannot procure on the capital market.

Viewing bank deposits today, deposits have increased only 1 percent, but loans have increased about 4 percent. The difference goes to postal savings which have increased by 13 percent. On the other hand, in the loan financing aspect, when stock prices are sluggish and bank loans are not increasing, the capital demand of midsized and small firms naturally is directed to other fields. That may be treasury investment institutions. If that happens, it seems that the Japanese economy will approach the Soviet type of state-run economy in both capital supply and demand. Considering the future ideal state of the Japanese market economy, it probably can even be called ironic that this may be the desired method.

As Mr. Noguchi says, the main factor in the current situation where a forward-looking capital demand is very small in both inventory adjustment and facilities adjustment is probably the drop in money supply. However, banks will probably respond aggressively with loans when the demand for capital grows to support the inventory investment and facilities investment of midsized and small firms which will be the lever when the economy, for example, recovers in fall or thereafter. The increase in the money supply, however, will probably be about the same as loans at most, or in other words, it probably will be about 5 percent at most.

The relationship up until now has been that the money supply grows 7-8 percent when the real growth rate is 5 percent; however, the real growth rate would be 2-3 percent if the money supply were 5 percent, and I believe that assessment becomes a point of contention. I believe that the economic growth rate should be higher, considering the size of the current-account balance surplus and the effect on liquidating the burst bubble. The new economic plan indicated 3.5 percent, but I believe it should be close to 4 percent if possible.

There is substantial fear that the problem of availability, which is not occurring now, will appear in the future, chiefly in the field of financing for smaller firms, but I believe that the key to solving that lies in stock prices. In this sense, as Mr. Yokomizo says, I believe that policy response holds the big key for smooth business recovery of the Japanese economy in the future and liquidation of the burst bubble.

Point of Contention That Bursting of Bubble Is Affecting Real Economy

[Noguchi] I believe that my viewpoint is the most different from you two on this point. Looking at stock prices, the most striking decline was in 1990, a drop of more than 40 percent. The Japanese economy achieved a growth of over 5 percent that fiscal year, there was a double-digit increase in facilities investment and even though stock prices dropped that much, that in itself was not considered a very big problem.

The fall of stock prices this year has not been as large in scale compared to that. The reason that it is considered a problem today is because a recession in the real economy and a drop in asset prices are proceeding at the same time. For this reason, I believe that it has a great influence on the corporate thinking as Mr. Yokomizo stated. I believe that this vague anxiety of businessmen is a problem.

Another difference from the 1990 period is that land prices have fallen. Land prices are falling, that has produced bad debts, and anxiety has been fomented that the confidence mechanism may no longer be functioning. When stock prices fall at this juncture, it makes the response of financial institutions difficult. If latent profits decrease, disposition of bad debts undoubtedly becomes difficult.

It is a problem that anxiety about the future is great on these two aspects. I believe that substantially there is no positive proof for that in itself and that there have been no structural changes in the Japanese economy itself.

[Yokomizo] I believe that the level today is a problem and that the character of the problem symbolically changed at the stage where it fell below 20,000 yen. That is one point.

The other concerns the fact that there was a two-figure increase in facilities investment though stocks dropped greatly in fiscal 1990, and I believe that corporations can make the investments which they believe are necessary even if the external financial situation is bad since the liquidity that corporations have on hand is quite heavy.

[Saito] As for the increase in facilities investment to a certain extent since fiscal 1990, there was an increase by large corporations that was close to 5 percent in the latter half of last year because the outlook for the future was not felt to be so serious, and, because it centered on large corporations, investments once made could not be quickly adjusted.

Another thing is that I believe that a market economy inherently exists within the interrelationship between the finance sector and the real economy. Stock prices falling below par value lately have clearly been occurring far more than the time after the 1973-74 archipelago reconstruction economy and, just looking at stocks, the scale this time has been greater than the drop in stocks from 1961 to 1965. Historically speaking, I believe that the problem has been latent since the Showa financial panic. It is good when it is restricted to very limited fields to a certain extent, but with financial deregulation in the background, the Japanese economy is changing such that influence is appearing in fields that have considerably large weight. I believe that it is necessary for policy authorities to recognize that and devise proper measures.

Desired Policy Response

[Kojima] Looking at examples in the past, when financial institutions embraced a loss, they handled it by patiently persevering until stocks recovered and expending latent profits when they recovered. It seems to take about five years to do that. On the other hand, it can be said that recovery to a certain extent is indicated at such times for the real economy.

Since there has been the opinion in the discussion so far that a government response is important, I would finally like to talk about financial policy, fiscal policy response, and prospects for a recovery.

[Yokomizo] I believe that the fiscal 1992 budget was compiled with considerable concern about the economy such as public works-related expenditures in the general account, treasury investments, and independent local projects. Furthermore, at the end of March, the government decided on an emergency economic measure of an early payout in the first half. Looking at the situation of recovery from previous slumps since the oil crisis, it seems that there has been no independent recovery without fiscal economic measures. As for financing, interest rates drop with monetary relaxation, but this is no more than an indirect economic reflation. Unless corporations actually consider borrowing capital and expanding business activity, even monetary relaxation will not work. However, since there is a real demand for public works, I believe that fiscal measures are necessary to ensure the buds of recovery.

As regards the early payout in the first half, as has been variously argued, the state of the economy is not such that this will not give strength to the economy and it will be necessary to cover the drop in the second half; without economic measures that are somewhat on the plus side, I believe that there certainly will not be an economic recovery.

In the monetary aspect, I believe that if the substance of the economy does not have a quick recovery, greater monetary relaxation measures than an official rate of 3.75 percent would be proper.

Moreover, as Division Chief Kojima previously said, capital can be procured through other channels such as life insurance or postal savings if not through banks or the stock market, but if that happens, it naturally must be considered that such capital will be mobilized.

In the real economy aspect, it is certain that inventory adjustments will tentatively end in the latter half of this fiscal year and indications that the economy is probably beginning to recover will appear, but to ensure that, it is necessary to provide conditions where facilities investment will rise along with that. If that becomes clear, stocks which now have lost confidence and continue to drop also will probably rise. In this sense, I believe that additional appropriate measures are desired from the fiscal and monetary aspects.

Mind Uplifted by Economic Measures

[Saito] First of all, I believe that one advancement in the recent big boom was improvement in the financial constitution. The long financial reconstruction effort is bearing fruit, and it has been good for the time being not to issue deficit bonds. Here, the reason for financial reconstruction probably was so that finances could move flexibly when necessary over both aspects of revenue and expenditures. If this is so, I think that now is the time.

Second, it can be said that policies so far have been tolerable compared to past responses. However, we should bear in mind that the environment has changed greatly. As mentioned previously, deregulation reforms in the financial capital market are proceeding in a big and very broad form and it has become an economy where all kinds of private economists are reading the future. It has taken a form where real behavior is adjusted on the basis of expectations.

It is an age when a great many people adjust their own actions in anticipation of future overseas problems or domestic problems. The effect of an announcement on it has become greater than imagined. It is strange to say it, but the world has changed, so it is more of an advantage that things do not happen later even though they keep saying "it will happen, it will happen," which is the reverse of something happening a little later even though they say "it won't happen, it won't happen"; we hope that the government response will by all means participate in this trend.

Finally, I believe that there is anxiety among corporate managers. If corporations have no expectations of future development of sales, their action will end up withering. Making clear the attitude of quickly returning it to what is was before by classical methods of responding to classical inventory adjustments and stock adjustments will work on the psychology of the corporate manager and probably be a plus in economic recovery. In the sense of being a safety valve for collapse of the trusted order or rumors of unrest, the early announcement of economic measures is expected. If this happens, I think that a bottoming out of the economy will be possible in the fall.

Debate of Policy Effects Is Necessary by All Means

[Noguchi] I would like to mention three points about fiscal policy, monetary policy, and other policy.

First of all, as regards the problem of the revised budget, I believe that a certain extent was already determined when emergency economic measures were decided in March of this year. In other words, since it is said that there is an increase in contracts on about the 1.5 trillion yen level compared to a regular year by the 75 percent preliminary breakout, a revision to that extent probably must be considered a reality already.

Therefore, this problem becomes how to add a plus to that.

What I think is regrettable about that is that political discussion has priority and debate relating to the economic effects of fiscal policy is hardly conducted at all. I believe that what should be ascertained now is debate concerning the problem of what effects fiscal policy will have on current economic environment. Now that the conversion rate has been made a fluctuating rate system and capital movements are free, fiscal policy first exerts an influence on capital movement through interest rates. This is a point that differs with the periods of high growth and the 1970's. An increase in fiscal spending raises the domestic interest rate and reduces capital outflow. This makes a high-yen exchange rate and causes a reduction in the current-account balance surplus. For this reason, complete crowding-out is generated and it has no effect on stimulating the economy. Consequently, at present, even though fiscal spending has increased, it will have an effect on reducing expansion of the current-account balance surplus, but have no effect on stimulating the domestic economy.

Next, regarding monetary policy, the problem is whether there will be more monetary relaxation. Monetary relaxation is normally understood as lowering capital costs for corporations and increasing facilities investment, but at present, I do not believe that such a result can be expected at all. That is to say, because stock adjustments have been made on large facilities investments for the past several years, it is doubtful that current facilities investment will have an effect on the speed of this adjustment even though capital costs have changed somewhat.

The drop in interest due to monetary relaxation, however, lowers the interest burden for corporations who have failed in speculation, and makes the amount of bad debts smaller. Moreover, since the theoretical price of land increases, this also makes the amount itself of bad debts smaller. Moreover, since monetary relaxation improves the earnings of financial institutions in the short term, handling the aftereffects of the bubble clearly becomes easy to do.

Therefore, I believe that the significance of conducting monetary relaxation now is to provide help in such areas. The cost of this is borne by depositors. In other words, I believe it is necessary to perceive that monetary relaxation shifts income from depositors to this sector and does not increase facilities investment.

Proposal of Bubble Countermeasures for Land Problem Also Has Come Into View

[Noguchi] On the third, other policy, since I believe that handling the bubble aftereffects which the financial sector currently embraces is a very serious problem, I believe that countermeasures for this will become a focal point of the future. Just speaking in terms of a conclusion, since it is a field which embraces a vast land inventory having failed in speculation, I believe that the government should consider buying it up. They bought up stock itself during the 1940 securities slump, but rather than that, it is buying up the real estate that has been the cause. Financial resources in the amount of over 10 trillion yen can be resolved if the government issues special bonds. I believe that it will contribute greatly to resolution of the land problem itself by buying it up at a low price and either using it for land substitution in city redevelopment or using it for public works.

I believe that it will have great significance for Japan's land problem if the government buys it up when the price of real estate drops and uses it in future land countermeasures. As opposed to monetary relaxation which shifts income from the household sector to the financial sector, this will be beneficial to all—the real estate industry, the financial sector, and the consumer—if it is done skillfully.

"Realization of a lifestyle superpower" has now become a great goal in economic planning, but the land problem is a bottleneck in that. I believe that a chance has come in which a structural measure for this long-term problem is possible, that it by no means conflicts with short-term economic problems, and that there is a possibility that both can be skillfully solved.

[Kojima] The Japanese economy itself, viewed in world terms, has strength and the Japanese economy will not end up sinking. I believe that the current issue is whether we have the capability to solve the problems that we are directly facing.

The perception of the current state of the adjustment process is that stock adjustments and inventory adjustments are occurring following a long boom. That is occurring with financial capital deregulation in the background, but you have pointed out that it is one background of the collapse of the bubble. Argument has been divided as to whether problems are limited to the financial sector or whether the money economy exerts an influence on the real economy, but there is an agreement of opinion that large problems remain for the financial sector. Economic measures are necessary to resolve them. As a structural aspect, the concept also has been presented of combining resolution of the land problem with handling of current problems.

I believe that Japan has surmounted such problems so far and will be able to surmount them in the future also.

Today, I believe that we have sorted out the problem points and thinking about the current state of the economy and countermeasures. Thank you very much.

North Korea

Pyongyang Reports Clinton Elected

SK0511124392 Pyongyang Korean Central Broadcasting Network in Korean 1215 GMT 5 Nov 92

[Text] According to a report from Washington, 46-year-old Governor of Arkansas Bill Clinton, Democrat, was elected U.S. President in the 3 November elections, defeating incumbent President Bush, the Republican candidate. The Democratic Party comes to power for the first time since former President Carter left office 12 years ago. Clinton will officially assume office as 42d U.S. President in January 1993.

PRC's Opposition to Military Exercises Noted

SK0611055892 Pyongyang KCNA in English 0450 GMT 6 Nov 92

[Text] Beijing November 6 (KCNA)—China always opposes large- scale military exercises on the Korean peninsula, a Chinese Foreign Ministry spokesman said at a weekly news briefing here on November 5.

He said this in response to a request of a reporter for comment on the recent decision of the United States and South Korea to resume the "Team Spirit" joint manoeuvres on the Korean peninsula.

Analyst Denounces Japan's Self-Defence Forces

SK0511063092 Pyongyang KCNA in English 0528 GMT 5 Nov 92

["Moves Toward Full-Scale Aggression Overseas"—KCNA headline]

[Text] Pyongyang November 5 (KCNA)—Shohei Miyashita, director of the Japan Defense Agency, recently told MAINICHI SHIMBUN that "peacekeeping operation of the Self-Defense Forces (SDF) should be one of the basic tasks of the Japanese Armed Forces in the future." And he argued for a revision of the "SDF" law to this end.

A NODONG SINMUN analyst today views this as an indication that the Japanese authorities who have already legalized the troop dispatch overseas of the "SDF" are scheming to set out on the road of aggression abroad without any restrictions and limitations by revising the present constitution and the "SDF" law.

It is the invariable ambition of the Japanese ruling quarters to establish domination over Asia, the news analyst says, and goes on:

Japan is intending to stretch her talons of reinvasion first to South Korea after paving a broad avenue for "SDF's" dispatch overseas. Only recently, Japanese and South Korean military bosses were closeted to "systematically strengthen military relations" and permit mutual port-calls of their warships. This is aimed at paving the road for infiltration of the Japanese "SDF" into South Korea.

Facts show that the ghosts of Japanese imperialism have revived and are again trying to wriggle their way abroad. This is a very dangerous development.

The Asian people still remember the shuddering wartime crimes committed by the Japanese imperialists.

Those who repeat a history of aggression are doomed to destruction.

Japan's Push for Security Council Seat Denounced

SK0511004492 Pyongyang KCNA in English 1518 GMT 4 Nov 92

["Japan Should Do First What It Must Do"—KCNA headline]

[Text] Pyongyang November 4 (KCNA)—Japan is trying to hold the seat of a permanent member of the U.N. Security Council under the pretext of the restructuring of this world body. This is intended to seize the position of a "political power" in the international arena and thus have a say and influence in the disposal of international problems and, furthermore, make the U.N. a rostrum to gratify her political and military desire.

So says NODONG SINMUN in an article today.

Asking if Japan is qualified to be a permanent member of the U.N. Security Council, the author of the article says:

Japan is a war criminal state which ignited the Second World War. She imposed immeasurable misfortunes and sufferings upon the peoples of many countries in the past, stretching her crooked hands of aggression to vast areas of Asia.

The crafty act of the Japanese ruling quarters is inviting fully justified resentment and denunciation from the Asian countries which were under the occupation of the Japanese imperialists in the past and broad international public circles.

How can Japan, that has not yet properly liquidated her past wrongs, play the role of a "political power" as a permanent member of the U.N. Security Council?

Japan is not entitled to be a permanent member of the Security Council in view of international law either.

The intenational community defined Japan as an "enemy state". The provision of the U.N. Charter defining Japan as such remains effective today. This is a natural result of the crimes of Japan against the Asian people.

The world people are shocked by such anti-humanity crimes as the problems of "comfort women for the army", the forcible drafting of more than 6 million Koreans and eating men which have been exposed one after another these days. For Japan to attempt to be a permanent member of the U.N. Security Council at such time is an act against conscience and reason and this itself shows that Japan is not qualified for permanent membership of the U.N. Security Council.

Another reason why Japan is not qualified for permanent membership is her refusal to discard the intention to repeat the crime-woven past.

At the U.N. General Assembly this year, too, the developing countries which account for a majority of the U.N. seats demanded that the world body be made democratic and the structure of the Security Council be reformed in conformity with the change of the times and the trend of the situation.

But the United Nations must not be restructured in favor of such countries as Japan bent on gratifying her dominationist ambition. Even countries that show best understanding of the position of Japan are taking a negative attitude, saying that Japan's move is "premature".

Japan must not obtrusively try to become a big power in the world political arena but do first what it must do, such as the liquidation of her past.

Officials Attend Birthday Celebration for Sihanouk

SK0611063092 Pyongyang KCNA in English 0453 GMT 6 Nov 92

[Text] Pyongyang November 6 (KCNA)—A friendship gathering was held at the Moknan house Thursday in congratulation of the 70th birthday of His Royal Highness Samdech Norodom Sihanouk, head of state and president of the Supreme National Council of Cambodia, on an official goodwill visit to Korea.

Present there were Vice-Premier and Minister of Culture and Art Chang Chol, Vice-Minister of Foreign Affairs Cho Kyu-il, DPRK ambassador E.P. [extraordinary and plenipotentiart] to the Supreme National Council of Cambodia Kim Hyong-yul, officials concerned and artistes.

Invited there were His Royal Highness Samdech Norodom Sihanouk and his entourage.

Foreign diplomatic envoys here were also invited.

Toasts were made by Chang Chol and H.R.H. Samdech Norodom Sihanouk.

A performance was given by artistes at the gathering.

Sihanouk Departs Pyongyang 6 Nov

SK0611110192 Pyongyang KCNA in English 1016 GMT 6 Nov 92

[Text] Pyongyang November 6 (KCNA)—His Royal Highness Samdech Norodom Sihanouk, head of state and president of the Supreme National Council [SNC] of Cambodia, left Pyongyang today by special plane for China.

He and his party were seen off at the airport by Vice-Premier and Foreign Minister Kim Yong-nam, Vice-Minister of Foreign Affairs Cho Kyu-il and DPRK Ambassador to the SNC of Cambodia Kim Hyong-yul.

On hand was Chinese Ambassador to Korea Zheng Yi.

Military Delegation Continues Visit to Syria

Meets Syrian President

SK0611052392 Pyongyang KCNA in English 0436 GMT 6 Nov 92

[Text] Pyongyang November 6 (KCNA)—Syrian President Hafiz al-Asad said the friendly ties between Syria and Korea are unbreakable ones that can stand any outside pressure.

He was talking with head of the military delegation of the DPRK Choe Kwang, Politburo member of the C.C. [Central Committee], the Workers' Party of Korea and chief of the General Staff of the Korean People's Army on November 4.

The Syrian president expressed the hope that the friendship, solidarity and cooperation between the armies of Syria and Korea would continue to strengthen and develop.

Calls on Defense Minister

SK0511133992 Pyongyang Korean Central Broadcasting Network in Korean 1500 GMT 3 Nov 92

[Text] A DPRK military delegation headed by Comrade Choe Kwang, member of the Political Bureau of the Workers Party of Korea Central Committee and chief of the General Staff of the Korean People's Army, laid a wreath at the tomb of the Unknown Soldiers in the Syrian capital of Damascus on 30 October. The delegation also visited historical sites in the city of (Tadmorsi).

The chief of the General Staff of the Syrian Arab Army arranged a banquet to welcome the delegation's visit to Syria on 30 October. Guests toasted the long life of the great leader Comrade Kim Il-song, the dear leader Comrade Kim Chong-il, and Syrian President Hafiz al-Asad.

On 31 October the delegation visited historical sites in Damascus and paid a courtesy call on the Syrian defense minister. During the meeting, the defense minister pointed out that the respected His Excellency Kim Il-song is a great leader who is not only receiving the greatest respect and admiration from the Korean people but also from the people and fighters all over the world. He emphasized that relations between Syria and the DPRK, which were formed through the cordial friendly relations between the great leader His Excellency Kim Il-song and President Hafiz al-Asad, are special and invincible. He said that he actively supports the method of Korea's reunification put forth by the great leader President Kim Il-song. He also said he insists that the U.S. imperialist aggressors should immediately withdraw from South Korea. He emphasized that Syria will always stand right beside the Korean people.

Concludes Visit, Departs

SK0611015092 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 5 Nov 92

[Text] The DPRK military delegation led by Choe Kwang, member of the Political Bureau of the Workers Party of Korea [WPK] Central Committee and chief of the General Staff of the Korean People's Army, departed Damascus yesterday after winding up their visit to Syria.

A Syrian Arab Armed Forces' Army honor guard parade took place at the airport. The chief of the General Staff of the Syrian Arab Armed Forces, the deputy chief of the general staff, and other relevant figures saw the delegation off. Our country's Ambassador to Syria and our embassy's military attache were at the airport.

The delegation earlier visited the national museum and military museum in Damascus on 1 November.

The delegation held talks on 2 November with the Syrian side. The chief of the General Staff of the Syrian Arab Armed Forces noted at the talks: Friendly relations between Syria and Korea, which are based on close relations between President Hafiz al-Asad and President Kim Il-song, will last forever. He also said: Syria is doing everything it can to develop these relations.

The delegation held a banquet on 3 November in connection with the end of the delegation's visit to Syria. Invited to the banquet were the chief of the General Staff of the Syrian Arab Armed Forces, the deputy chief of the General Staff, and other relevant figures. The banquet participants proposed a toast to the long and healthy life of the great leader Comrade Kim Il-song, to the long and healthy life of the dear leader Comrade Kim Chong-il, and to the long and healthy life of Hafiz al-Asad, president of Syria.

Arrives Back in Pyongyang

SK0611060992 Pyongyang KCNA in English 0452 GMT 6 Nov 92

[Text] Pyongyang November 6 (KCNA)—The military delegation of the Democratic People's Republic of Korea headed by Choe Kwang, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and chief of the General Staff of the Korean People's Army [KPA], returned home Thursday from a visit to Syria.

It was met at the airport by Vice Marshal Kim Pong-yol, generals and officers of the KPA and Syrian Ambassador to Korea Yasir al-Farah.

Party Spokesman Demands Halt to South Exercises

SK0511061692 Pyongyang KCNA in English 0511 GMT 5 Nov 92

[Text] Pyongyang November 5 (KCNA)—A spokesman for the Central Committee of the Korean Social Democratic Party in a statement made to the press on November 4 expressed support to the joint statement of the chairmen of the North side to the North-South joint committees.

The joint statement released on November 3 by the chairmen of the North side to the North-South Joint Reconciliation, Military, Economic and Social and Cultural Committees officially announced the first sessions of the North-South joint committee due to open at intervals of one week from November 5 were foiled. And it strongly urged that before it is too late, the United States and the South Korean authorities should stop the on-going large-scale military exercises and revoke within November the plan to resume the "Team Spirit" joint military exercises so that the first sessions of the North-South joint committees may open in December at the latest.

The spokesman expressed full support to the measure, considering it to be a very just step against the moves of the U.S. imperialists and the South Korean bellicose elements to wreck dialogues and to be an expression of the North side's principled stand reflecting its consistent will to accelerate the implementation of the already adopted and effectuated North-South agreements by operating the North-South joint committees at any cost.

He strongly denounced, in the name of the entire members of the Korean Social Democratic Party, the anti-dialogue, anti-peace and anti-reunification criminal acts of the United States and the South Korean authorities to frustrate the North-South dialogues which have been arranged with much difficulty and bring North-South relations back to the original state of confrontation.

The U.S. imperialists and the South Korean authorities must realise that it is a daydream if they think they can frighten somebody by staging a large-scale war game, the spokesman said.

He expressed the hope that all the peaceloving organisations and peoples of the world who aspire after peace, democracy and social progress would as in the past, too, further strengthen international solidarity for the Korean people's just struggle for peace on the Korean peninsula and its reunification, clearly seeing through the dangerous nature of the war provocation moves of the United States and the South Korean authorities that go against the trend of the times.

JNCC Chairman Proposes Date for Next Meeting

SK0611123992 Pyongyang Korean Central Broadcasting Network in Korean 1100 GMT 6 Nov 92

[Text] Choe U-chin, our side's chairman of the North-South Joint Nuclear Control Committee [JNCC], sent a telephone message to South chairman Kong No-myong today.

The telephone message noted: As you are well aware, at the ninth North-South JNCC meeting our side asked you to cancel the decision to resume the Team Spirit joint military exercise, a rehearsal for nuclear war, and let our side know the answer by the end of November as a step in making a breakthrough in the grave obstacles to the work of the North-South JNCC after your agreement with the United States early last October to resume the large-scale Team Spirit joint military exercise. Under this premise we agreed to hold the 10th JNCC meeting.

However, instead of responding affirmatively to this just demand, your side responded by going one step farther and conducting the Hwarang and Eagle military exercises, large-scale war rehearsals for northward invasion. Your side openly declared that it will expand these offensive exercises to the areas near Panmunjom, where the meeting is to be held, and the Demilitarized Zone, timing the exercises with the 10th JNCC meeting. This step not only blocks the progress of the talks for the implementation of the joint declaration on denuclearization and North-South nuclear inspection, but it is an intentional provocation aimed at raising an artificial obstacle to the 10th JNCC meeting. In this connection, our side must gravely call your side to account for the failure to hold the 10th JNCC meeting as scheduled because of this insidious act.

It is impossible to hold the 10th JNCC meeting on 10 November as scheduled because of your side's challenge to dialogue and peace. However, considering the urgency of resolving the nuclear issue, we propose holding the 10th JNCC meeting on 18 November after the gunsmoke of the Hwarang and Eagle-92 exercises disappears and demand that your side agree to this proposal. Also, we strongly urge your side to have an answer at the next meeting about canceling the decision to resume the Team Spirit joint military exercise and to inform us of your decision as we justly demanded at the ninth JNCC meeting.

South Korea

No Tells PM To Prepare for Clinton Presidency

SK0611031392 Seoul YONHAP in English 0249 GMT 6 Nov 92

[Excerpt] Seoul, Nov. 6 (YONHAP)—President No Tae-u instructed Prime Minister Hyon Sung-chung Friday to work out multilateral measures to maintain a stable partnership with the United States following the transition of power in Washington.

No gave the instruction after Hyon submitted his regular report on national affairs to the president at Chongwadae.

The president noted that there was speculation on possible changes in U.S. policy toward Korea when President-elect Bill Clinton takes over the U.S. Administration in January.

No said he believed that the Clinton administration would continue the basic U.S. policy of maintaining stability in Korea through the security arrangement with South Korea and expand its trade relations based on free trade principles. [passage omitted]

Daily Views Reaction to Clinton Election

SK0411154592 Seoul MAEIL KYONGJE SINMUN in Korean 4 Nov 92 p 4

[Article: "Reactions and Measures of the Government and Financial Circles to Election of Bill Clinton as the U.S. President"]

[Text] With the election of Democratic Party candidate Bill Clinton to the U.S. Presidency, U.S. pressure for bilateral trade with the ROK is expected to take place in a wavy manner [pasangchoguro] in all areas. As a result, the ROK economy is expected to face great difficulties. It is anticipated that not only major export items to the United States, such as color television sets and semiconductors, will suffer seriously but also that the pressure on opening the financial markets will increase.

This article will examine ways and measures for government offices, financial circles, and economic research institutes to cope with this situation.

According to a report entitled "Influence of Clinton's Economic Policy on Our Country" prepared on 4 November by the Ministry of Commerce and Industry on the basis of analysis and observation of domestic research institutes, including the Korea Institute of External Policies [KIEF], and foreign organizations, Clinton supports in general the successful settlement of the Uruguay Round [UR] negotiations. However, he evaded mentioning concrete matters, which reflects a passive attitude [sogukchok chase].

Although he supports the basic aims of the North American Free Trade Agreement [NAFTA], he expressed an intent to amend it with a view to alleviating increasing unemployment in the United States and addressing the environmental pollution this agreement may cause.

As for bilateral relations, he also supports expansion of free trade but calls for retaliatory steps against unfair trade practices by trade partner nations, thus showing a hard-line stance.

Clinton also calls for intensification of Article 301 of the U.S. Trade Act. He also takes a resolute position toward the policy on trade with Japan. He is opposed to most favored nation treatment for China because of its human rights record.

His attitude toward the space aviation industry in Europe and toward subsidies for the shipbuilding industry in the ROK and Japan is tough.

In addition, with a view to improving ways to approach markets of trade partner nations, he plans to reestablish the economic security council under direct control of the president and to reorganize the structure of the U.S. Trade Representative [USTR]. He also proposed that U.S. embassies strengthen activities for trade cooperation.

It thus seems that a conclusion of the UR negotiations will be delayed, and the NAFTA is likely to be revised. It is also expected that the United States will increase pressure on bilateral trade with the ROK by reinforcing Article 301 of its trade law and by taking punitive measures against unfair trade practices.

In addition, it is also predicted that ROK enterprises that invested in the United States directly will face difficulties because Clinton plans more tax inspection of foreign companies and to impose heavy taxes on them.

To prepare for the United States' bilateral trade pressure, the Ministry of Trade and Industry will improve our trade practices that fall behind international standards or discriminate against certain countries. It also plans to participate actively in multinational negotiations, including the UR negotiations, so as to demonstrate the ROK Government's faith in free trade and to increase publicity on results and future plans of our market openings.

Our government is very embarrassed by the overwhelming victory of Democratic presidential candidate Bill Clinton as the 42d U.S. President in the race with U.S. President Bush of the Republican Party.

In spite of various polls that indicated Clinton's lead, the ROK Government expected Bush, who gained in popularity at the last minute, to be reelected. Disappointed because its expectations were not fulfilled, the government is quite at a loss.

The government is quite perplexed with Bush's failure and Clinton's election because our diplomacy has been pro-Republican Party. It has hardly contacted the Democratic Party since ex-President Jimmy Carter's reign. It currently has no contact with either President-elect Clinton or his campaign managers.

The prevailing analysis is that with Clinton's appearance on the scene, the scope of free trade will probably be extended in the General Agreement on Tariffs and Trade and the UR negotiations.

Our country is now asking for exception of several items, including rice, from the list of all-out free trade items. However, it seems inevitable that we will have to open our rice market, in light of the Democratic Party's position of "trade liberalization without exception."

The Ministry of Finance has acted quickly after Clinton's election by publishing the report, "Clinton's Economic Policy and Our Countermeasure."

In this report, the ministry says that it will improve our side's unfair trade practices, which the United States has always pointed to, so as to prevent friction. It also declares that we will "demonstrate our faith in free trade by actively participating in the UR negotiations."

Pointing out that Clinton stressed tax increases and environmental protection during his election campaign, the Ministry of Finance emphasizes that "ROK enterprises in the United States or those planning to open businesses in the United States have to prepare for the U.S. Government's strengthening tax inspection and increasing taxes" and that "they can increase exports only when they concentrate on technological development in order to develop goods that do not harm the environment."

ROK companies are paying attention to how Clinton's election victory will affect our economic relations with the United States.

On the morning of 4 November, major ROK general trading corporations sent instructions to their branch offices in the United States to immediately report any indication that our companies' exports to the United States and their business activities there may be affected. They are also busily holding meetings with officials in charge of the Americas.

Even though they think that Clinton's election victory will not damage our business activities in the United States for the time being, they express concern that tax probes into ROK corporations' subsidiaries in the United States will increase and that great controversies will take place over the prices those subsidiaries pay for goods transferred from their headquarters in the ROK.

Pak Ho-taek, vice president of Hyosong Trading Corporation, said: "I do not think that Clinton's election victory will have a seriously adverse effect on our exports to the United States in the short run. However, import restrictions and trade pressures are likely to be stepped up." He also said: "The issue concerning transfer prices may greatly curtail our corporations' business activities in the United States. Therefore, we must take countermeasures."

With regard to this issue, Daewoo Corporation filed a suit against the U.S. Internal Revenue Service and six companies, including Samsung Trading Corporation, Goldstar Company, and Hyundai Motors, are under investigation. Therefore, how this issue will be resolved is noteworthy.

The Korean Trade Promotion Corporation [KOTRA], the Korea Foreign Trade Association, the Federation of Korean Industries, and other economic organizations are busy analyzing the impact Clinton's election victory may exercise on our economy.

Han Chun-u, chief of the U.S. Department of KOTRA, said: "The U.S. Administration has filed suits against or been investigating some ROK export items on dumping charges. In view of the trade policies of a Democratic Party government that will be inaugurated, it will be very difficult for these items to be freed from those charges." He also said: "Sooner or later, the KOTRA will map out strategies for exports to the United States and inform ROK business companies of them."

The Federation of Korean Industries released a document entitled "Clinton's Economic Policies" on 4 November. In the document, the federation points out that worrying too much is also a problem, adding that it is urgent to establish channels of economic cooperation with the Democratic Party government.

The federation also points out: No U.S. President has implemented the entire platform which he had presented during the election campaign. Therefore, we need not be uneasy for no good reason.

However, this document calls for taking appropriate measures to cope with Clinton's external economic policies represented by the revival of the "Super 301" provision, a negative position on the UR of negotiations, and support for a climate of change convention.

The document also says that it is necessary for the ROK to take joint action with Japan and Taiwan against the possibility that the new government will step up tax investigations on foreign companies operating in the United States and increase pressures on foreign countries to open their financial and agricultural markets.

The document also points out, in particular, that our government must present the United States with plans at an early date to resolve pending issues between the ROK and the United States such as subsidies to shipbuilding companies and the protection of intellectual property.

As a result of Clinton's election victory, it is expected that the IRS will strengthen tax offensives against foreign companies operating in the United States. This greatly worries the ROK National Tax Administration and ROK companies.

Since 1985, the IRS has concentrated its administrative power on ferreting out tax evasions by foreign companies. It is expected that tax probes will be stepped up against foreign companies and that tax penalties will increase for them.

The United States has recently made up for the weakness of the "Transfer Price Tax Code" to positively prevent tax evasions through the fabrication of transfer prices between headquarters companies and their subsidiaries in the United States.

The IRS has been investigating six ROK companies on charges of fabricating transfer prices.

DLP Reproves Parties for Plans To Meet Clinton

SK0611013192 Seoul THE KOREA HERALD in English 6 Nov 92 p 2

[From the "Out and About" column: "Celebrants for Clinton"]

[Text] The Democratic Liberal Party [DLP] yesterday chided the minor parties' moves to send delegations to the United States to celebrate the election of Bill Clinton as the new U.S. president.

Pak Hui-tae, spokesman for the DLP, sarcastically said, "Clinton's success in the U.S. election is a matter for congratulations. But we need to be circumspect about how to offer our congratulations."

Pak argued that if the rival parties engage in a heated competition to send their own delegations to Clinton, that would draw negative response from the people.

The spokesman said his party wants to send a delegation when Clinton takes office as president next January. "Our party does not think that it is desirable to send any delegates for the moment," Pak commented.

He contended that the parties should handle the matter in view of what he called "self-esteem."

Apparently mindful of reports that the main opposition Democratic Party [DP] is close to President-elect Clinton's Democratic Party, Pak said that Arkansas Gov. Clinton has sent certificates of honorary ambassadorship and citizenship to some of his party lawmakers, including Executive Chairman Kim Chong-pil. President No Tae-u has already been honored with a similar title from the state of Arkansas.

The Democratic Party, meantime, will soon send a group of three party lawmakers as emissaries to convey its congratulatory message to Clinton. The three are Reps. Cho Se-hyong, Cho Sun-song and Kang Chang-song. While there, the lawmakers will meet with Democratic leaders to discuss security and trade issues, party sources said.

The DP and United People's Party [UPP] dispatched delegations to the U.S. Democratic national convention, but the majority DLP did not do so.

Meanwhile, the United People's Party yesterday dropped its plans to send its own delegation to Clinton and instead called on other parties to form a parliamentary delegation.

Nine officials of the U.S. Embassy in Seoul visited UPP headquarters yesterday.

Clinton's Win May Affect Presidential Election

SK0611040592 Seoul THE KOREA TIMES in English 6 Nov 92 p 2

[Text] The wind of change raised by Clinton will surely blow into the field of presidential election here, though it may not be a storm.

Already, presidential candidates are out to make use of the wind as best as they can though they may differ in perception of the impact. It is generally accepted that Kim Tae-chung of the Democratic Party [DP] stands to benefit most from the wind.

He argues that among the three leading declared candidates, he is most qualified for the job, making a sweeping break with the past regimes drenched in so-called military culture. He has not been associated with the past regimes even remotely. Rather, he was oppressed politically. He thinks that now is his time for rejuvenating the nation.

However, Kim Yong-sam of the majority Democratic Liberal Party [DLP] made a point that the message of change raised by Clinton strikingly fits in with his call for building a 'New Korea.'

Every time he had a chance, he stressed the need for change, clamoring, "It can't be left to go on like this any longer." By this declaration, he spotlights the fact that he is different from incumbent President No Tae-u, suggesting that now is the time to make a new start.

But the DLP camp does not conceal that it is jittery about the possible adverse impact resulting from the Clinton wind. A party spokesman said it is not desirable to wag tails before a foreign power in a comment made after a spate of praises to Clinton by the DP.

Chong Chu-yong of the United People's Party is no exception to utilizing Clinton's success for his presidential bid. He plays up the fact that Clinton hit right on the head of the nail of the public discontentment with poor economic performances in the Bush administration.

He is hitting home with the need for economic resurrection, for which he is best qualified, citing his brilliant performance in jacking up the nation's economy as leader of the nation's most powerful business conglomerate, Hyundai.

Of course, Clinton's victory is a matter of a nation opposite the globe across the Pacific Ocean. Still, its spillover effect cannot be ignored, given the close ties in security and economy. It is frequently said and accepted that if the United States coughs, Korea catches a cold.

Kim of the DP argues that Kim of the DLP was his long colleague in the struggle against military dictatorial rule of the past regimes. But, he crossed the line into the arms of the ruling camp two years ago. He is now no longer of his own. He was adopted by the current regime, and therefore, whatever incantations, no genuine change can be expected of him, argues Kim of the DP.

He resents at the media assimilation of him with Kim of the DLP. He tries hard to play up the difference, arguing that Kim of the DLP has become a pawn of the established ruling class, but he has not.

No doubt, change has become the favorite topic on the streets, which does not go unnoticed by the three presidential candidates.

But elections in Korea have not been about policies. They have been more of a tug-of-war based on personal, regional, or schooling backgrounds.

The Honam area is in the palms of the hands of Kim of the DP and the Yongnam area, the other Kim's. Given this fact, the central part of the nation including Seoul and Chungchong Province can be said to be the most sensitive to the Clinton wind. And the two Kims are not afraid to get down and dirty if the going gets tough in no man's land.

The need for change is felt across-the-board. But none of the candidates readily comes to mind as ideal in keeping up with the demand of the time. Those already on the starting line are so familiar that they do not evoke anything new or fresh.

Under the current boss-henchman political structure like the Oyabun-Kobun in Japan, there is no room for new faces in the ravenous politics of Korea. This is because old and professional politicians do not bother to hang on to the coattail of politics. They never fade away unlike old soldiers.

U.S. Asks To Reinstate Guards at Facilities

SK0611085792 Seoul YONHAP in English 0816 GMT 6 Nov 92

[Text] Pusan, South Korea, Nov. 6 (YONHAP)—Raymond Burghardt, minister-councilor at the U.S. Embassy in Seoul, called on Kim Hong-chun, chief of the Pusan Central Police Station, Friday and expressed his concern about possible attacks on the American buildings by student demonstrators.

Accompanied by Dennis Halpin, U.S. consul-general in Pusan, Burghardt told Kim that since the Korean police had withdrawn their guards on the grounds that the government had formed a politically neutral cabinet, he was concerned about possible student demonstrations against U.S. establishments.

Burghardt recalled that U.S. Ambassador Donald Gregg could not deliver his speech in Pusan recently because of opposition from some students. He said there was always a possibility for these students to attack U.S. buildings.

Halpin sent an official letter to the Pusan Central Police Station Tuesday, requesting three police guards in front of the gate to the U.S. Consulate and American Center.

Kim said that the police had withdrawn a platoon from the American Center and its vicinity but had strengthened anti-crime patrols. He said he would have to discuss a possible redeployment of police guards with his superiors.

No Congratulates Korean-American's Election

SK0511044092 Seoul YONHAP in English 0134 GMT 5 Nov 92

[Text] Seoul, Nov. 5 (YONHAP)—South Korean President No Tae-u cabled congratulations Thursday to Jay Kim Chang-chun, mayor of Diamond Bar City, California, for becoming the first Korean-American elected to the U.S. House of Representatives.

Kim's election was hoped to contribute to the development of the Korean community as a mature member of the United States, No said.

He said he expected Kim to make continuous efforts to enhance understanding and cooperation between the two countries.

Kim, a 43-year-old civil engineer, defeated Democrat Bob Baker after winning over five Republican opponents in the primary to become the first Korean-American ever elected to the U.S. Congress.

Ministry Reports Decrease in Exports to U.S.

SK0511045092 Seoul YONHAP in English 0254 GMT 5 Nov 92

[Text] Seoul, Nov. 5 (YONHAP)—South Korean exports to the United States fell 0.6 percent during the first eight months of the year while China, Taiwan, Hong Kong, Singapore, Brazil and Mexico posted gains, Trade and Industry Ministry officials said Thursday.

Korea was surpassed in exports by China and Taiwan, and was well below half the level of Mexico.

China had a trade surplus 11 times Korea's, Taiwan six times, Brazil one and half times, and Singapore nearly even.

The officials, quoting U.S. Commerce Department data, said Korean exports to the United States in January-August stood at 11.07 billion U.S. dollars, 0.6 percent lower than a year before.

In the same period, China's exports amounted to 15.815 billion dollars, up 40.6 percent, Taiwan's 16.16 billion dollars (8.6 percent), Hong Kong's 6.16 billion dollars (7.4 percent), and Singapore's 7.13 billion dollars (13.6 percent).

From America, Brazil's exports amounted to 5.108 billion dollars, up 12.9 percent, and Mexico's to 22.92 billion dollars, up 14.1 percent.

Korea's trade surplus with the United States was 1,031 million dollars, up 162 million dollars, China posted a surplus of 11,152 million dollars, up 3,956 million dollars, Taiwan 6,708 million dollars, up 719 million dollars, Brazil 1,528 million dollars, up 774 million dollars, and Singapore 938 million dollars, up 774 million dollars.

Citizens To Rally Against GI Accused of Murder

SK0611091892 Seoul YONHAP in English 0822 GMT 6 Nov 92

[Text] Tongduchon, South Korea, Nov. 6 (YONHAP)—Citizens of Tongduchon, a city some 30 kilometers north of Seoul, alarmed by the murder of a Korean woman, have stood up to demand measures to prevent violence by American soldiers stationed here.

Taxi drivers in the city began boycotting U.S. soldiers on Wednesday to protest the release to U.S. military authorities of PFC Kenneth Markle of the 5th Infantry Regiment of the U.S. Second Infantry Division, who is the prime suspect in the murder. The boycott would continue until the suspect stood trial in a Korean court, organizers said.

Yun Kum-i, 26, a waitress at a discotheque in downtown Tongduchon, was found brutally murdered at her rented room on Oct. 28.

The Korean police busted the 20-year-old private, on Oct. 31 at the main gate of his camp and referred him to the U.S. criminal investigation detachment. Markle, who the CHOSON ILBO claimed Friday was wearing trousers stained with Yun's blood at the time of his arrest, denies the murder charge.

Forty-nine citizens' organizations in the city have formed a group, which they call an alliance for countermeasures for the murder of Yun, and convened a meeting at which they decided to hold a rally Saturday afternoon in front of the U.S. Army camp in Posan-tong.

More than 500 citizens will attend the rally to call for a Korean trial, an alliance spokesman said.

Uijongbu police said the rally would not be allowed as it had not been approved by the authorities concerned.

An official at the Uijongbu branch of the Seoul district prosecution said Markle had been summoned for questioning by the Korean authorities on Friday.

"He is denying the charge. Blood samples from his sneakers, found at the scene, and his trousers will be sent to the prosecutor general's office for sophisticated tests and the results will be known around Nov. 13," the official said.

Paragraph 1 of Article 22 of the revised Status of Forces Agreement says: "The civil authorities of the Republic of Korea will retain full control over the arrest, investigation and trial of a member of the United States Armed Forces or civilian component or a dependent."

ROK Firms in PRC Making Adequate Profits

SK0511121292 Seoul YONHAP in English 1113 GMT 5 Nov 92

[Text] Seoul, Nov. 5 (YONHAP)—Korean industries in China are enjoying relatively much profits, it was learned here Thursday.

The productivity of Korean industries in China is no more than 30 to 50 percent of their comparable industries in Korea, but wages are low at 400 to 500 yuan (56,000 to 70,000 Korean won) a month.

Besides, industries do not need to make investment in workers' welfare.

A briefing session on the situation of foreign investment industries in China organized by the Korean Chamber of Commerce and Industry said Chinese workers have low motivation to work because their wages are fixed against basic working hours.

But, when extra working hours are included, Chinese workers work long hours of 14 to 15 hours a day and legal holidays are limited to two a month.

Dr. Pak Chong-tong, a research fellow of Beijing University, said at the session that one way to stimulate Chinese workers to work hard is to properly employ allowance or bonus systems which, unlike basic pays, can be directly handed to workers.

In China, workers' basic wages are paid through Chinese labor bureaus.

Industries wishing to move to China should choose areas with an easy access to transportation and communications, and 100-percent investment is better profitwise than joint ventures with Chinese firms, Pak said.

Russia's Rogachev on Yeltsin Visit, Relations

SK0311230892 Seoul HANGUK ILBO in Korean 1 Nov 92 p 5

[Responses by Igor Rogachev, Russian ambassador to China, to written questions from HANGUK ILBO delivered at the Russian Embassy in Beijing on 24 October—first three paragraphs are introduction]

[Text] Russian President Boris Yeltsin will visit the ROK in mid-November. In connection with this, HANGUK ILBO interviewed Igor Rogachev, Russian ambassador to China, who is said likely to be appointed as the next Russian foreign minister.

Ambassador Rogachev met with Yi Chang-chu, director of the ROK's Northern Countries Institute, on 24 October at the Russian Embassy in Beijing and personally answered HANGUK ILBO's written questions which director Yi brought along with him.

Ambassador Rogachev said that "Russian President Boris Yeltsin will personally apologize for the downing of the KAL [Korean Airlines] 007 plane." He also said that "North Korea is likely to establish diplomatic relations with Japan before it does so with the United States early next year." This is the summary of the interview.

[HANGUK ILBO] Rumors have it that you will be appointed as the next Russian foreign minister. Would you elaborate on prospects for ROK-Russian relations and, in particular, ROK-Russian economic cooperation?

[Rogachev] The two countries have maintained satisfactory relations since they established diplomatic relations. This is proven by the fact that President Yeltsin will separately visit the ROK. Clearly, Russia wants to develop relations of economic cooperation with the ROK. However, the two countries have failed to develop such relations to a satisfactory level. I think that President Yeltsin's visit to the ROK will provide an opportunity to set new courses for economic cooperation. We hope that the ROK, aware that Russia has long-term potential for investments, will proceed with economic cooperation as planned. Russia's economic situation is now facing difficulties. Paradoxically speaking, Russia, therefore, is qualified to become the ROK's major partner for cooperation. I hope that the ROK will refer to the assessment of Russia's future by Germany and France.

[HANGUK ILBO] How will Russia handle the issue concerning an apology and compensation for the downing of the KAL plane?

[Rogachev] President Yeltsin intends to positively conclude this issue. Russia will accept all the demands of the ROK in principle, and Yeltsin will make a cordial apology to the ROK people when he visits the ROK.

[HANGUK ILBO] Has Russia's policy toward North Korea changed?

[Rogachev] Russia has maintained the principle of inheriting the former Soviet Union's treaties and relations with North Korea. North Korea, too, has maintained relations of friendship and positive cooperation with Russia despite the establishment of diplomatic relations between Russia and the ROK. This is proven by the fact that some issues concerning economic cooperation, including the issue of Russia's demand that North Korea pay for goods imported from Russia in hard currencies, have been satisfactorily resolved. North Korea had given more weight to its relations with China than to its relations with Russia. At present, there is no distinction in emphasis between its relations with China and its relations with Russia. Rather, North Korea has strengthened relations with Russia and, thus, has incited China.

[HANGUK ILBO] Do you think there is a possibility that North Korea will change?

[Rogachev] Deng Xiaoping's power structure of China has been the model for North Korea's power structure. It is clear that North Korea's current leading staff will continue to exercise influence on major state policy for the time being. However, considering the recent Northeast Asian situation and the international political order, I think that it is inevitable for North Korea to partly employ an opening policy sooner or later.

[HANGUK ILBO] How do you evaluate the fact that the powers neighboring the Korean peninsula are making efforts to simultaneously establish diplomatic relations with the North and the South?

[Rogachev] Now, North Korea is promoting the establishment of diplomatic relations with the United States and Japan. Russia and China have maintained the stand that they will positively help North Korea establish diplomatic relations with Japan and United States. When President Yeltsin visits the ROK, this issue will be discussed. Russia hopes that North and South Korea will simultaneously establish diplomatic relations with their neighbor countries and that peace will be established on the Korean peninsula. Reunification on the Korean peninsula should be promoted by North and South Korea. However, Russia and China are of the opinion that mutual understandings and cooperation of neighboring countries are necessary for peace on the Korean peninsula. The issue concerning the Korean peninsula will be discussed at the Russia-China summit talks.

[HANGUK ILBO] What do you think about the reinforcement of armaments by China and Japan?

[Rogachev] Frankly speaking, we are greatly concerned about Japan's reinforcement of armaments. Japan's defense expenses are equivalent to a yearly state budget of the ROK, which regarded as an advanced country. We object to China's reinforcement of armaments in principle. However, as long as Japan's reinforcement of armaments continues, we do not object to China's corresponding reinforcement of armaments.

[HANGUK ILBO] Can the issue of the return of the four islands, which is the most urgent issue in relations with Japan, be resolved?

[Rogachev] In a word, Russia has maintained the stand that it will not unilaterally return the islands to Japan. Japan should abandon its greed. Japan should not link the issue of the four northern islands with its relations with Russia. Even though Japan does not offer economic cooperation and it does not support Russian reform policy, Russia cannot give up the four northern islands. A method that both countries jointly utilize the islands in a historical and realistic sense should be devised.

[HANGUK ILBO] As Russian ambassador to China, what do you think about the future of China?

[Rogachev] China is the only country on earth ruled by the communist party. However, there is no country which takes issue with China ruled by the CPC.

It can be said that the Chinese reform policy is on the right track. Through the 14th CPC congress, the Chinese reform group has come to the fore. Therefore, the politics of the CPC elders has come to an end. It is estimated that the process of the Chinese reform policy is successful.

Russia is in a state of confusion because of a radical full-opening policy. However, China is promoting a reform policy by degree while maintaining its existing system. If China had accepted the popular masses' demand and had given up its existing system when the Tiananmen Square incident took place, China would have been in a state of great confusion like Russia.

[HANGUK ILBO] The conflict between conservatives and reformers is becoming worse in Russia. What do you think about the stability of the Yeltsin administration?

[Rogachev] Conflict between conservatives and reformers is inevitable in the course of reforming a state. Because the radical reform policy has not been successful so far, conservatives' claims are becoming persuasive. Thus, it is no wonder that their influence is becoming greater. Such being the case, the future of the Yeltsin administration depends upon cooperation and harmony with the political groups which are mushrooming. President Yeltsin's political life depends on whether he succeeds in making the government strong through cooperation between radical reforming forces and conservative reforming forces.

Joint Anti-NAFTA Steps Discussed With Japan

SK0611051692 Seoul YONHAP in English 0242 GMT 6 Nov 92

[Text] Seoul, Nov. 6 (OANA-YONHAP)—South Korea and Japan have agreed to take joint steps against any discrimination resulting from the North American Free Trade Agreement (NAFTA), Korean Foreign Ministry officials said Friday.

The two countries have called for growth of the Asia-Pacific Economic Cooperation (APEC) as a regional interest organization while Japan has expressed support for an APEC summit.

The agreements were made at the first Korea-Japan talks on multilateral trade issues in Seoul Thursday, the officials said.

The two sides expressed concern about possible discrimination against non-NAFTA members in trade areas not bounded by the General Agreement on Tariffs and Trade (GATT) such as intellectual property rights and finance, according to the officials.

They agreed that APEC should be encouraged as a regional body that can protect regional interests against other economic blocs such as NAFTA and the European Community, the officials said.

Japan said it supported in principle a regular APEC summit proposed by Australia.

Tokyo promised to fully consult Seoul to reflect its position at the G-7 summit opening in Japan in July next year. The negotiation channel will be determined later, the officials said.

Prince, Princess of Wales Depart Seoul 5 Nov

SK0511121492 Seoul YONHAP in English 1128 GMT 5 Nov 92

[Text] Seoul, Nov. 5 (YONHAP)—Prince Charles and Princess Diana of Great Britain left Korea Thursday afternoon winding up their four-day official visit.

The royal couple, who were the first British royal families ever to make an official visit here, flew from Seoul to Pohang aboard a special plane earlier in the day.

They were seen off at the Seoul airport by Prime Minister Hyon Sung-chong, Foreign Minister Yi Sang-ok and a number of other Korean and British officials.

Prince Charles and Princess Diana observed cultural relics in Kyongju and some industrial facilities like the Hyundai Shipyard in Ulsan before departing for Hong Kong at 6:10 p.m.

North Unilaterally Postpones 10 Nov JNCC Meeting

SK0611054192 Seoul YONHAP in English 0525 GMT 6 Nov 92

[Text] Seoul, Nov. 6 (OANA-YONHAP)—North Korea unilaterally postponed a meeting of the inter-Korean Joint Nuclear Control Commission (JNCC) Friday in protest against South Korea's military exercises.

Northern-side JNCC Chairman Choe U-chin sent a telephone message to Southern-side chairman Kong No-myong saying that Pyongyang had to cancel the 10th JNCC meeting slated for Nov. 10 because of Seoul's "anti-dialogue, anti-peace" attitude. Choe suggested that the meeting be rescheduled for Nov. 18.

"In the ninth JNCC meeting, we demanded that South Korea announce by end of the month that it won't resume its annual 'Team Spirit' military maneuver with the United States and we agreed to come to the JNCC meeting on this condition.

"But instead of responding positively to our just request, you went a step further by announcing large-scale aggression exercises like Hwarang and Foal Eagle," Choe said.

"You have openly declared that these exercises will take place near Panmunjom and Demilitarized Zone where the JNCC meeting will open," he said, accusing Seoul of intentionally placing obstacles before the nuclear talks.

Proposing to meet on Nov. 18, he urged South Korea to cancel its decision on Team Spirit and notify North Korea of the decision on that day.

Seoul and Washington agreed in early October at their Security Consultative Meeting (SCM) to prepare for Team Spirit next year so that they can conduct the drill unless progress is made in talks on inter-Korean mutual nuclear inspection.

N-S Relations Said 'Stuck in a Quagmire'

SK0411075092 Seoul YONHAP in English 0613 GMT 4 Nov 92

[By Kim Sun-han]

[Text] Seoul, Nov. 4 (YONHAP)—Inter-Korean relations caught frostbite when Pyongyang halted dialogue with Seoul over two South Korea-U.S. joint military exercises.

North Korea strongly denounced the two drills, Hwarang and Foal Eagle '92, both now underway in the South, and threatened to boycott all forms of dialogue unless Seoul scrapped them.

Relations went from the verge of translating basic agreements into action to being stuck in a quagmire without any prospects for escape.

North Korea has called for cancellation of the annual South Korea-U.S "Team Spirit" defense exercise, while the South has demanded settlement of suspicions about the North Korean nuclear development program and an official apology for setting up a spy ring in the South.

North Korea, in a telephone message Tuesday, refused to meet with South Korean military officers to discuss setting up direct telephone lines between the two sides (the deadline is Friday) and rejected a proposal for a meeting of Red Cross officials in Pyongyang this month.

It also threatened to boycott meetings of the inter-Korean joint commissions starting Thursday at the truce village of Panmunjom.

The North vowed to boycott dialogue with the South at a rally of representatives of government agencies and social groups in Pyongyang Oct. 27 at which it was resolved cut of talks with the South if Team Spirit were held next year.

Analysts say the turnaround in the North Korean attitude came out of a fear that economic assistance from Seoul might evaporate due to problems such as the spy ring.

The South Korean Agency for National Security Planning announced Oct. 6 that North Korea, with the goal of unifying the country under communism by 1995, had established a chapter of its Communist Party in the South.

The NSP arrested 62 people including Kim Nak-chung, co-representative of the defunct Minjung (Masses) Party, and booked some 30 others in connection with the spy ring.

South Korea maintains that it would ban businessmen's visits to the North unless Pyongyang apologizes for the spying and takes measures to prevent a repeat. Pyongyang called the spy scandal a fabrication on the part of Seoul.

Given the current situation, inter-Korean relations are feared to return to the stage of confrontation that existed before both sides adopted the agreements on reconciliation late last year, analysts say.

Some analysts say rehabilitation of relations is not to be expected as long as there is no headway on the issue of mutual nuclear inspections, a formidable stumbling block in inter-Korean talks.

As for the North Korean demand for cancellation of Team Spirit, South Korea says it could consider it if the North agrees to open its nuclear and military facilities for mutual inspections.

Even if the Hwarang and Foal Eagle drills, small exercises in contrast to Team Spirit, are scrapped as Pyongyang wants, observers note, confrontation over Team Spirit and the spying may not be easily solved and there are murky prospects for the ninth inter- Korean high-level talks scheduled for next month.

Ties may be back on track early next year after a new government is installed in the South, they say. North Korea may judge that it can no longer win gains from the incumbent leadership in Seoul which is nearing the end of its term.

Burma

Opposition Organizations View Clinton Victory

BK0511135792 London BBC in Burmese to Burma 1345 GMT 4 Nov 92

[Report from U Win Aung Gyi in Bangkok from the "World News" program]

[Text] The world anxiously waited to see who would be elected as the U.S. voters went to the polls. The Burmese community in Bangkok followed the election with interest. The democratic forces, especially the National Coalition Government and the student organization, the ABSDF [All Burma Students Democratic Front], said out of the three presidential candidates, they preferred Bill Clinton to win for two reasons. The first reason is that the Democratic Party has a tradition of attaching more importance to the issue of human rights than the Republican Party. The second reason is Bill Clinton's campaign pledge to set up Radio Free Asia to encourage the liberation of the Asian countries that have not achieved democracy. They said that now that Bill Clinton had won, they hoped to receive more encouragement from the new U.S. Administration in their efforts to establish a new society in Burma based on democratic values.

A minister from the National Coalition Government said in Bangkok that their government would soon issue an official statement after consulting with Prime Minister Dr. Sein Win, who is currently in New York.

Dissidents Urge Pullout of Foreign Oil Firms

BK0511073492 Hong Kong AFP in English 0621 GMT 5 Nov 92

[Text] Bangkok, Nov 5 (AFP)—Burma's jungle-based dissident government Thursday welcomed an announcment by the Petro-Canada company that it was halting an oil exploration programme in Burma and called on other foreign oil companies to pull out of the country.

Petro-Canada announced earlier this week that it was not renewing its three-year oil exploration contract in Burma, originally signed in 1989, because the results of its surveys had been disappointing.

The National Coalition Government of the Union of Burma (NCGUB), made up of politicians who won seats in May 1990 elections but have been denied power by Rangoon's ruling junta, said in a statement released here that it applauded Petro-Canada's decision.

The NCGUB called on other foreign oil companies including Amoco and Unocal of the United States, Shell of the Netherlands and Britain's Premier Petroleum to follow Petro-Canada's example and withdraw their investments from Burma.

"The 40 million people of Burma are being held hostage by a reprehensible military clique that is supported by foreign investments," the NCGUB said.

"Gross human rights abuses and religious persecutions are rampant and have resulted in over half-a-million refugees. Reports of "ethnic cleansing" and the use of slave labour in oil concession areas are beginning to emerge," the statement said.

"Foreign firms planning to invest in Burma or already operating there must take these facts into consideration and make prudent investment decisions by not supporting a hated dictatorship," the statement added.

Burma's military government has signed joint-venture contracts with ten foreign oil fims since 1989 after it introduced liberal foreign investment legislation in an effort to bring in badly-needed foreign currency.

Trade Ministry Amends Export, Import Systems

BK0511095092 Rangoon Radio Burma in Burmese 0630 GMT 5 Nov 92

[Text] The Trade Ministry issued on 4 November Order No. 12/92, amending the systems of export and import.

The order concerns a provision for conversion of 20 percent of the export value at an official foreign currency exchange rate to kyat for importing goods needed by the country, and using the remaining 80 percent of the export value for purchasing goods from abroad, purchasing goods in the country, and paying for services in the country.

The order also concerns permission of sales of imported merchandise in Burmese kyat currency under the consignment system and permission for imports in advance of exports.

The complete order will be posted on the Trade Ministry's notice board and an announcement on details of procedures related to the order will be carried by the Trade Newsletter.

SLORC To Hold National Convention 9 Jan

BK0511135892 Rangoon Radio Burma in Burmese 1330 GMT 5 Nov 92

[Order No. 14/92 of the State Law and Order Restoration Council, dated 5 November 1992]

[Text] Convening the National Convention

The State Law and Order Restoration Council [SLORC] has prescribed convening the National Convention to lay down basic principles for drawing up a firm state constitution in accordance with Declaration No. 11/92 dated 24 April 1992:

Date of opening: 9 January 1993
Time: 10:00 am
Venue: The Central Conference Hall, compound of the President's House, Ahlone Road, Rangoon.

By the authority vested in me.
Signed: Khin Nyunt, major general, secretary-1

Brunei, Malaysia & Singapore

Malaysia

Freer Trade Hoped for Under Clinton Presidency

BK0511131392 Kuala Lumpur Voice of Malaysia in English 0800 GMT 5 Nov 92

[Station commentary]

[Text] Bill Clinton, as had been widely speculated, becomes the new president of the United States, leaving 12 years of three terms of continuous Republican rule. The Democratic candidate's victory comes after a tough, (?gruelling), and often vicious campaign, described as one of the bitterest in the history of American presidential elections.

The outgoing president, George Bush, despite his optimism right up to election vote, especially after the final week's opinion polls showed him narrowing Clinton's (?innate) margin, could not prevent a less lively push from the Arkansas governor who won a massive 363 electoral votes in 32 of the 50 states.

It is obvious that Bush's policies, especially in the later part of his tenure of office, did not find favor with the vast majority of the American electorate. He was seen to be paying too much attention to foreign matters, leaving the domestic affairs, and the economy in particular, in disarray. In a manner of speaking, he was a victim of the world recession which has affected not only the United States, but also other developed countries of the West, and even Japan. Apart from Clinton's pledge during his victory speech that there will be continuity in U.S. foreign policy, no one can yet be sure what course he will be taking as there was hardly any mention of international affairs during his election campaign. Much of it was devoted to expressions of what he has to offer the Americans and impressing on them the need for a change in administration.

The rest of the world, those who are rejoicing as well as the disappointed ones, will be watching to see what approach he will adopt in dealing with global issues of concern. The future role of the United States Administration in solving the Arab-Israeli conflict and the Bosnian problem will be closely watched. But what is of greater urgency, especially for the developing world, is seeing an end to the United States-EC deadlock in respect of the Uruguay Round of the multilateral trade negotiations under GATT.

While the Clinton government's major priority will naturally be to seek ways of getting the country out of its present economic woe, it must also focus attention on the need towards speedier establishment of a new international order which will ensure trade liberalization and enable every nation to have its fair share on the benefits of a free and open market system. The U.S., as a global leader, must be ever mindful of the fact that the world is becoming increasingly interdependent and that it has a responsible role to play in bringing to an end the prevailing position that divides the rich and the poor.

As for the proposed East Asia Economic Caucus, EAEC, Prime Minister Dr. Mahathir Mohamed, while conveying Malaysia's congratulations on Clinton's victory, has expressed the hope that the new president will be less emotional in his attitude to the grouping than the negative stand that had been adopted by his predecessor. ASEAN and East Asian countries look forward to Clinton's support for the creation of EAEC and the ASEAN Free Trade Area, AFTA, the primary innovation to promote free trade, not only within the region, but also on a worldwide scale.

Mahathir Vows to Uphold Federation

BK0611075092 Kuala Lumpur Voice of Malaysia in English 0600 GMT 6 Nov 92

[Text] The federal government will uphold the federation and independence of Malaysia by whatever means. Prime Minister Datuk Sri Dr. Mahathir made this stand clear in his opening address of the UMNO [United Malays National Organization] General Assembly in Kuala Lumpur today. UMNO is the dominant political party in the National Front which governs Malaysia. He said there is a group in the country which wants to divide the nation. Calls for referendums are proof of growing tension. This group is influenced by the trends in the international political arena. He warned those with such intention not to play with fire. Malaysia is a peaceful country. As such, no one should rock the boat by instilling racial and parochial issues.

Datuk Sri Dr. Mahathir, who spoke under the party, said this group thought they could get foreign help by alleging that the federal government is supressing them because they are Christians. All this is to get sympathy and (?there are hopes) for their aim. This group feels the federal government will be afraid to take action because of its international connection. Such hopes are fruitless as Bosnia is a clear example. The international community has failed to respond to the plight of the Muslim Bosnians and the Christian Croats [words indistinct].

The prime minister also said that the party will not allow anyone to divide the country. He described those who had been willing to work with foreigners to threaten the nation's independence as traitors.

Singapore

Minister Says U.S. Not To Turn Protectionist

BK0511144892 Singapore Singapore Broadcasting Corporation in English 1400 GMT 5 Nov 92

[Text] Commenting on U.S. policies under Mr. Clinton, the finance minister, Dr. Richard Hu, says he does not think that the U.S. would adopt protectionist policies when it takes off.

He said it was not in the U.S. tradition to be protectionist in an international trade. If Mr. Clinton succeeds in rejuvenating the U.S. economy, it will bode well not only for Asia but also the rest of the world.

Clinton's Presidential Challenges Viewed

BK0511145192 Singapore THE STRAITS TIMES in English 5 Nov 92 p 28

[Editorial: "Next Everest for Clinton"]

[Text] For the American people who have rejected Mr. George Bush so tellingly, placing their faith in an untested southern governor in Tuesday's election was a searing indictment of how detached they thought a patrician president had become. Against the disenchantment and drift of the Bush years when a nation was divided by race, gender or by generation, by income and region (President-elect Bill Clinton's words), his urging for "a new spirit of community ... without which the American dream will wither" fused with the spirit of the times where the Bush staples (character, "abide by me", diplomatic initiatives abroad) sounded discordant, even remote. Mr. Bush had grown careless about touching base with the one constituency that mattered. It would be a worry if the victory had been achieved through a smart choice of campaign theme by the Clinton people; past presidents, notably Lincoln, Franklin Roosevelt and Kennedy, had used the unity ethos to good effect. Other presidents spouted oneness of people as an article of faith. It worked often.

But America does need healing, now more than ever, after 12 years of Reaganite spend-and-be-damned and Mr. Bush's inability to undo the harm he inherited. Americans need to believe in themselves again and, in a new president who told the cheering throng in Little Rock, Arkansas, last night that "we want our future back and I will help give it to you", they may have voted in a motivator to compare with President John Kennedy. That, at least, is the promise—of youth and much else. He has his priority sequence right when he says, repeatedly, that America must recover its strength at home again before it can be strong abroad. The Clinton stress on restoring competitiveness through education, creating jobs by rebuilding inner cities and stimulating small businesses, and fiscal means to cut the deficit and boost consumer confidence, is paper-correct. He would need finesse and doggedness to accomplish all of that. He has to establish control over Congress quickly with effective point men and smartness of policy. Having both House and Senate under his party's control is not a guarantee of an easy time getting his legislative programme through.

But he causes disquiet among America's allies and trading partners, in Asia as in Europe, when he talks glibly about defending American exporters against "unfair" practices. This is the critical area of foreign policy, in trade and diplomacy, which Asian capitals particularly would be straining for leads in the weeks ahead when Mr. Clinton picks his Cabinet and advisers. Mr. Bush will be missed here; he had been a friend of Asia, he understood the dynamics of the region and the causal relationship with American interests. A United States which sets out now to browbeat the Chinese over human rights and trade preferences, or the Japanese and the European Community over ill-defined notions of market access (have the whingers thought of price and quality?) could do untold harm at a stage when the GATT negotiations are dangerously mired and a bloc-mentality in international trade is gaining currency.

Just as Americans were choosing their president, the United States announced punitive tariffs on U.S.$1 billion of EC exports after GATT talks in Chicago folded (again). This is what the world is up against: the psychosis of manning the ramparts against a presumed enemy. For Mr. Clinton, managing foreign relations would of necessity have to take a backseat to restoring home confidence in the early days of his administration, but he cannot take too long to fashion a new role for the United States in the post-Cold War period when the contest for supremacy and building global linkages is economic. When persuading his people that he was fit to be their president, Mr. Clinton spoke the language of America First. Now that he has fulfilled an Everest of an ambition for a one-time small town poor boy, he must know he will be judged on how equitably he exercises his mandate. The real work begins, Mr. President.

Cambodia

Appeal Renewed for Soldiers' Immediate 'Escape'

BK0411013192 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 3 Nov 92

[Text] According to a report from the people in Pursat Province, Cambodian soldiers from the 94th Brigade stationed in the province have met with serious difficulties in their livelihood. The soldiers, who are suffering from malaria, are no longer provided with husked rice and medicine; malaria and fever are spreading all over the brigade at an alarming rate; and two or three soldiers die daily.

As they face serious hardships, one after another of those Cambodian soldiers have deserted from the 94th Brigade. Between the beginning of October and now, 45 of them have already cut loose from the brigade.

Brothers, Cambodian soldiers in the 94th Brigade, you have already seen with your own eyes that your living conditions are terribly miserable but the puppet leaders do not care about you in the least. So you should break away from the Vietnamese enemies and the puppets to save your lives. You should escape immediately. The national patriotic forces and the people are looking forward to welcoming you at all times.

Khmer Rouge Military Activities in Late Oct

BK0511062292 Phnom Penh SPK in French 0400 GMT 5 Nov 92

[Text] Phnom Penh 5 Nov (SPK)—According to the State of Cambodia's Commission for the Coordination of Military Affairs with the United Nations, on 30 October Khmer Rouge from Division 417 fired an H-107 rocket on a headquarters of Kompong Cham Province recorded on coordinates WU26/50, badly damaging one of its buildings.

In Siem Reap Province, on 25 October Khmer Rouge from Regiment 51 transported about four ox-cartloads of ammunition toward the village of Kouk Thlork Leu recorded on coordinates VV59.28, said the same source before adding:

On 26 October these guerrilla forces fired six artillery rounds on the position of government forces set up in the village of Kouk Thlork Leu. On 27 October some 100 "Democratic Kampuchea" soldiers from Division 912 massed in the Ta Trav sector on coordinates UV97.72 in Angkor Thom district.

On 28 October at about 1400 (local time) the Khmer Rouge fired 10 shells on Prey Thom village on coordinates VV59.27 in Chikreng district, wounding one civilian. On the same day, they attacked Kanseng village on coordinates VV27.21 in the same district. A local militiaman was wounded, his wife was killed, and a house was burned.

On 29 October the Khmer Rouge launched attacks against one of the government positions in Kouk Dong on coordinates UA29.68 in Angkor Chum district. They sited 130-mm cannons in the sector recorded on coordinates VA19.27 in preparation for attacking the Svay Leu district.

In Battambang Province, on 24 October at about 2200 (local time) some 30 Khmer Rouge from Division 36 seized Cha Huoy village in Moung Russei district recorded on coordinates UV01.49, killing two villagers and wounding four others. Four government soldiers from Brigade 9 were captured and a quantity of property of the population, including two million riel, was looted by these guerrillas. The latter also transported some 600 shells and other war materiel toward the area recorded on coordinates UV04.15 in preparation for an offensive against the government forces in Koah Kralar.

In Kompong Thom Province, Khmer Rouge from Division 616 transported by ox-carts ammunition and mines toward the Phdiek region recorded on coordinates VV41.71.

Khieu Kanharit Asks UN To End Cantonment Plan

BK0611073292 Phnom Penh SPK in French 0355 GMT 6 Nov 92

[Text] Phnom Penh 6 Nov (SPK)—The spokesman of the Phnom Penh Government Mr. Khieu Kanharit on Tuesday, 3 November, asked the United Nations to stop cantoning the troops of the three Cambodian factions that have cooperated with it in implementing the Paris peace plan, if the Khmer Rouge continue their attacks to expand territory.

"We want now that all armed forces be allowed to go back to the frontlines to take up positions against the Khmer Rouge. This is for preventing a possible military imbalance," he stressed.

The recent attacks by the Khmer Rouge against some regions in the vicinity of Phnom Penh and other provinces show that they always intend to use force to seize power, he said.

The spokesman also underlined the two proposals that the State of Cambodia will submit to the upcoming meeting of Cambodia's Supreme National Council in Beijing, namely, the presidential elections before the elections of a constituent assembly and measures vis-a-vis the Khmer Rouge.

Concerning the repeated refusal of the Khmer Rouge to join the peace plan, Mr. Khieu Kanharit stressed that "the Paris accords would completely fail if we continued to keep the Khmer Rouge" in the peace process.

KR Accused of Downing UNTAC Helicopter

BK0611122992 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 1100 GMT 6 Nov 92

[Press communique from the SOC National Defense Ministry spokesman—read by announcer]

[Text] In over one year of implementation of the Paris peace agreement for Cambodia, not only has the State of Cambodia [SOC] faction strictly and correctly respected each of the agreement's phases, but has also made overwhelming concessions to other factions in the conflict and the UN Transitional Authority—UNTAC—because of its sincere wish to bring a rapid end to the more than 20 years of suffering and misery of the Cambodian people.

On the other hand, one of the factions has constantly created impasses and set up obstructive moves to the process. On a daily basis, the party of Democratic Kampuchea, or the Khmer Rouge, have been creating a complex situation in the military field by launching gross and savage attacks against the Cambodian People's Armed Forces. At the same time, they have not hesitated to shell and strafe the UN peacekeeping forces, as witnessed by the Cambodian people and acknowledged by peace-loving public opinion the world over.

As a matter of fact, most recently—that is, on 5 November at 1200—when a white-painted UNTAC helicopter was overflying Chumrum Reach village in Siem Reap-Oddar Meanchey Province at coordinates 27.52, a group of villainous Khmer Rouge soldiers fired many 12.7-mm machinegun and AK-47 sub-machinegun rounds at it, causing the helicopter to crash 15 minutes after the bursts of gunfire. Informed of this serious incident, another UNTAC helicopter sped to the crash site. The second helicopter, after rescuing the pilot of the stricken aircraft, was itself fired at by the Khmer Rouge, causing four holes in its fuselage.

This gross and wicked activity of the Khmer Rouge certainly constitutes defiance and contempt toward the international community's desire to end the war in Cambodia and the Cambodian peace plan of the United Nations, which has been making an all-out effort for its success. It also undeniably constitutes the start of the Khmer Rouge dry-season offensive launched in line with their premeditated design to prolong the war in Cambodia.

The SOC Ministry of National Defense will not allow the violation of the Paris agreement by the Khmer Rouge faction to spread any further. We ask the international community, especially the countries signatory to the 23 October 1991 Paris agreement, to most fittingly and immediately use their influence on the Khmer Rouge.

Khieu Samphan on PDK Stance, Beijing Meeting

BK0611031792 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 5 Nov 92

["Interview" with Khieu Samphan, head of the Party of Democratic Kampuchea—PDK, by an unidentified station correspondent on 5 November 1992—recorded]

[Text] [Correspondent] My respects to mister chairman. Representatives from a number of countries, including Japan, met with you in Phnom Penh on 29 October 1992. At that time, several international radios and newspapers said that the meeting ended in failure. What were the topics of the meeting and why did the meeting fail?

[Khieu Samphan] Thank you. I would like to talk about the essential points of the meeting. The judgment of the meeting's failure is left for our compatriots and international opinion.

Everyone said that the meeting was aimed at breaking the deadlock of the implementation of the Paris accord. Therefore, I asked that the situation concerning the Paris accord's execution in the past be examined: What wrongly has been done and what correctly has been done in the implementation of the Paris accord? And what has already been done and what has not yet been done? If we were unanimous in the examination of the situation concerning the Paris accord's implementation, we would have been unanimous in seeking ways to reach a settlement.

One should pertinently look at any problem and speak emphatically to solve the problem. The problem cannot be solved if the problem is not pertinently examined and if one does not speak emphatically.

What was the situation concerning the Paris accord's implementation in the past? Conspicuously, the following two significant provisions of the Paris accord have not yet been implemented:

1. The withdrawal from Cambodia and the nonreturn of foreign forces—that is the Yuon [derogatory term for Vietnamese] aggressor forces—have not yet been verified; and

2. The Paris accord's clause specifying that the Supreme National Council [SNC] is the sole source of power in Cambodia has not yet been implemented.

If UNTAC [UN Transitional Authority in Cambodia] does not allow the SNC to play a role and if the SNC is not endowed with the role as the unique source of authority in Cambodia, there will be no collaboration with the SNC—UNTAC has only collaborated with the Yuon-installed regime in Phnom Penh. If so, the verification of the Yuon presence is impossible. As such, the following situation surfaced in the past year:

1. The Yuon invading forces continued to control the Phnom Penh administration in all sectors.

2. The Yuon (?military presence) continued.

3. Yuon settlers continued to flow in Cambodia ceaselessly—both the old and new settlers now number more than two million.

4. Nearly one million Yuon settlers carry Cambodian identity cards.

Has UNTAC checked on these important issues? No. Instead, UNTAC [words indistinct]:

1. UNTAC has codified an electoral law giving the Yuon settlers the right to vote; on the contrary, the Cambodians who were forced to flee abroad due the Yuon war of aggression are not entitled to cast their ballots.

2. UNTAC has forged a penal code in an attempt to punish the Cambodian people for demanding the Yuon withdrawal from Cambodia and instead protects the Yuon.

3. UNTAC has painstakingly demanded international aid in an attempt to succor the Phnom Penh regime, preventing the regime from collapsing.

Are these actions in agreement with the Paris 23 October 1991 accord? Is there any neutral political environment?

What will happen if elections are held in such a situation? If the elections are held in this situation, does this process not become a method of letting the Yuon swallow Cambodia? Will Cambodia not become a second Kampuchea Kraom? Does this conform to the Paris accord? Obviously, it contradicts the objective of the Paris accord. The Paris accord's goal is to definitively settle and end the Vietnamese war of aggression against Cambodia through a comprehensive political solution, thereby allowing Cambodia to recover peace and independence and achieve national reconciliation.

In sum, the previous process does not conform to the Paris accord in the least. If the deadlock is to be broken, all should return to implementing correctly the Paris 23 October 1991 accord. The Party of Democratic Kampuchea [PDK] proposal is a request for the correct implementation of the Paris accord, especially the two key provisions of the accord. The PDK does not demand anything more than this.

[Correspondent] What is the opinion of the prince head of state and SNC chairman on the situation of the Paris accord's execution?

[Khieu Samphan] Now and then, the prince has gracefully granted me audiences. He has repeatedly told me that he respects the PDK for its patriotism and endeavor. The concrete situation, however, has put him in difficulties. On 1 November at my request, he granted me an audience in which he told me the (?same thing). Despite all manner of difficulties, he added, he will continue to play his role as the impartial SNC chairman, leader of all, and leader of the four parties.

[Correspondent] What are the views of His Excellency [H.E.] Son Sann and Prince Ranariddh?

[Khieu Samphan] I have also held discussions with H.E. Son Sann and Prince Ranariddh. H.E. Son Sann has told me that he agrees with the PDK. He has unambiguously seen that the issues raised by the PDK on the nonverification of the withdrawal of Yuon forces and the figurehead SNC are correct. At SNC meetings, H.E. Son Sann has always repeated the two issues. And in his statements or interviews with correspondents of various international radios and newspapers, he has also raised these issues.

As for Prince Ranariddh, he has often told me that he agrees with the PDK and respects the PDK's drive. He has told me that at all meetings with Mr. Akashi and ambassadors from the country permanent members of the UN Security Council and other countries, he has always told them that the PDK's raising the two core issues is correct.

[Correspondent] What is the objective of the upcoming meeting in Beijing?

[Khieu Samphan] The cochairmen of the Paris conference on Cambodia, especially France, proposed the meeting with the SNC. The prince head of state and SNC chairman has asked that the meeting be held in Beijing, since he has to go to the DPRK. The prince told me that he had informed the Paris conference cochairmen that the Beijing meeting will be an informal consultative discussion, but not a conference; no decisions will be taken nor will any paper be issued. The consultative meeting will be held at his own residence—the Chinese Government will not be responsible for hosting the meeting. And the prince asked me whether I will go and join the meeting. I told him that I will go, but the PDK's stance—which has already been made known to the world—will remain unchanged.

Hun Sen Calls for Actions Against Khmer Rouge

BK0611080092 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 0430 GMT 6 Nov 92

[Report with portions recorded on Council of Ministers Chairman Hun Sen's 6 November departure for SNC meeting in Beijing]

[Text] Accompanied by His Excellency [H.E.] General Tie Banh, defense minister of the State of Cambodia [SOC] and member of the Supreme National Council [SNC]; and H.E. Hor Namhong, SOC foreign minister and SNC member, H.E. Hun Sen, chairman of the SOC Council of Ministers and member of the SNC, left Phnom Penh at 0800 on 6 November for Beijing, the PRC's capital city, to take part in an SNC meeting.

Seeing the prime minister off at Pochentong Airport were the excellencies member of the Standing Committee of the Cambodian People's Party [CPP] Central Committee, including H.E. Bou Thang, H.E. Chea Soth, and H.E. the Interior Minister Sar Kheng, vice chairmen of the Council of Ministers; H.E. Say Chhum, standing vice chairman of the Council of Ministers; Prince Norodom Chakkrapong, vice chairman of the Council of Ministers; H.E. Mat Ly, vice chairman of the National Assembly and of the Control Commission of the CPP Central Committee; Mrs. Men Sam-an, chairperson of the Cambodian Federation of Trade Unions; H.E. Nhuon Nhel, agriculture minister; H.E. Ney Pena, vice chairman of the CPP Central Committee's Control Commission; H.E. Sim Ka, chairman of Phnom Penh's party committee and people's committee; and H.E. Gen. Ke Kimyan, first deputy defense minister and chief of the Cambodian People's Armed Forces's General Staff, as well as other members of the CPP Central Committee; ministers; deputy ministers; general directors; deputy general directors; leaders of various units, institutions, and offices, and several officials.

Also present were the excellencies the ambassadors and representatives from various embassies in Cambodia.

Before enplaning, H.E. Prime Minister Hun Sen answered many questions raised by reporters:

[Begin recording] [Hun Sen] Before the Beijing meeting, there is no sign suggesting that the Khmer Rouge will return to implementing the accord. Anyway, we are of the opinion that it is time for the application of Article

29 of the agreement—the cochairmen are in the process of implementing the agreement before the UN Security Council holds another meeting.

[Unidentified correspondent] If the Khmer Rouge refuse to comply with the accord, what kind of measures against them will you propose?

[Hun Sen] We will ask the United Nations to take measures to end the Khmer Rouge's breach of the agreement. In addition, we will also tell the meeting that we will take actions to terminate the Khmer Rouge violations as well. We can no longer allow the Khmer Rouge to arrogantly and cruelly kill the people. We should envision measures to maintain security for the people and protect them from being harassed by the Khmer Rouge. I think the measures against the Khmer Rouge's military violations are already clearly known. Therefore, should we amend the military mandate of UNTAC [UN Transitional Authority in Cambodia] from Chapter 6 to Chapter 7 of the UN charter and should our forces be further kept in cantonments? This is one of the major topics that our party will raise at the Beijing meeting.

[Unidentified correspondent] How about if the Khmer Rouge refuse to disarm and exclude themselves from the peace process?

[Hun Sen] If they refuse, why should we continue to keep them? I do not believe that the Khmer Rouge will remain inactive in their zones. They will certainly carry out activities against the people during the holding of elections. Therefore, why should we continue to keep them in the process? [end recording]

Leaders Chair Meeting in Kandal Province 4 Nov

BK0611051092 Phnom Penh Samleng Pracheachon Kampuchea Radio Network in Cambodian 2300 GMT 5 Nov 92

[Text] A meeting of Kandal Province's district chiefs was held under the lofty chairmanship of His Excellency [H.E.] Heng Samrin, honorary chairman of the Cambodian People's Party [CPP] and chairman of the State Council of the State of Cambodia [SOC]; H.E. Hun Sen, vice chairman of the CPP Central Committee and chairman of the Council of Ministers; Mr. Say Phuthang, member of the Standing Committee of the CPP Central Committee and chairman of the CPP Central Committee's Control Commission; and Mr. Chea Soth, member of the Standing Committee of the CPP Central Committee, at the provincial People's Committee office on the morning of 4 November.

At the meeting, Mr. Vong Sot, member of the CPP Central Committee and chairman of the province's party committee and people's committee, and the 11 district chiefs in Kandal Province, took turns reporting the situation in their respective localities, especially the works of improving the people's quality of life and planting crops, the public welfare task, the issue concerning security and politics, and the process of implementing the peace accord in various localities across the province.

Taking the floor, H.E. Hun Sen spoke about some current important tasks in the economic sector and the issue related to the people's livelihood that requires the attention of the provincial officials at all levels. He urged those officials to motivate the people to collect the rainy-season rice, take part in fishing activities, and improve the methods of performing handicraft works in various localities. And he also asked them to maintain security for the people by effectively preventing the Khmer Rouge from committing cease-fire violations in our areas.

Laos

SRV Province Delegation Visits Bolikhamsai

BK0611050492 Vientiane Vitthayou Hengsat Radio Network in Lao 1400 GMT 5 Nov 92

[Text] A delegation of the SRV's Ha Tinh Province led by Comrade (Tran Quoc Hai), secretary of the Ha Tinh provincial party committee, arrived for a visit in Bolikhamsai Province on 2 November. During the visit, the delegation of Bolikhamsai Province headed by Comrade Nakhon Sisanon, secretary of the provincial party committee, held talks with the visiting delegation of the SRV's Ha Tinh Province. During the talks, the two sides consulted with and drew lessons on work in various fields from each other, aimed at more increasingly strengthening and developing the relations, special solidarity, and comprehensive cooperation between the two provinces.

During its planned visit to Bolikhamsai Province from 2 to 5 November, the Ha Tinh provincial delegation was scheduled to visit some agricultural and economic production units and ancient ruins in the municipal area in the province.

Private Power Utility Investment Welcomed

BK0511021192 Bangkok BANGKOK POST in English 5 Nov 92 p 22

[Text] The fever of privatisation of power utility sectors in Asia is spreading to the small former socialist country of Laos.

One of Laos' key economic policies is to attract private investment to the development of new power generation capacity in the country, with special emphasis placed on tapping its vast hydro-electricity potential.

Blessed with abundant hydro-power resources, the land-locked country has a potential of over 18,000 megawatts within its borders, twice the size of Thailand's current peak demand. However, the cash-strapped country can only afford to utilise only 1 percent of that potential.

Laos' Vice Minister of Industry and Handicrafts Khammon Phonkeo said in Bangkok recently that Vientiane is making changes in its economic policies which will see the private sector play a central role in the country's economic activities.

He said a completely new legal framework is being constructed to stimulate and support private-sector activities in the socio-economic development. New laws have been enacted to attract and guide foreign investments, while additional statutes facilitating commerce and business are being finalised.

To further support this commercially oriented legal framework, Laos' National Assembly adopted a new constitution in August last year, which guarantees fundamental private investment and property rights, he noted.

At the same time, the Lao Government is rapidly implementing the privatisation of some 150 state enterprises which are open to foreign and domestic acquisitions, he added.

Returning to the electricity sector, the minister said there are "excellent" opportunities for private participation in the power generation industry in Laos.

Beside a new legal framework supporting foreign investments and vast untapped hydro-power potential, he based his claim on the growing electricity demand in the country and neighbouring nations.

"There is a large potential market for further electricity exports and Lao hydro-electricity can be a competitive source of supply for the neighbouring countries' markets," he noted.

Thailand, with its "explosive" rise in power demand and difficulties in locating new sources of power generation, is the obvious market for Laos' electricity export increase.

In fact, about 75-80 percent of output from Laos' two largest hydro-power stations—the 150-megawatt Nam Ngeum and 45-megawatt Seset—is exported to Thailand. Current power exports to the Electricity Generating Authority of Thailand vary between 600 and 700 gigawatt-hours per year.

Laos' economy is heavily dependent on electricity exports to Thailand, accounting for about 25 percent of its total export earnings and being the second largest export market.

The total installed capacity in Laos is 215 megawatts—200 hydro and 15 diesel, according to the minister.

In the country with 4.2-million population and percapita GDP [Gross Domestic Product] of $210 per annum, about 90 percent of the energy is produced from fuel woods, while electricity provides only a small fraction of 5 percent and petroleum 5 percent. But Mr Khammon said domestic consumption of electricity is increasing every year.

Geographically, there are three main sources of hydroelectricity supply in Laos: northern region (Luang Prabang, Luang Namtha and Phong Saly), central region (Vientiane, Bolikhamsai, Khammouane and Savannakhet) and southern region (Champassak, Saravane, Sekong and Attopeu).

The hydro-power potential in the northern region estimated at 2,500 megawatts, central 6,800 and southern 3,700. Each region's various scales of project have been identified and investigated.

Resolution Issued on National Assembly Election

BK0610044492 Vientiane Vitthayou Hengsat Radio Network in Lao 0430 GMT 5 Oct 92

["Contents of the resolution" of the Political Bureau of the Lao People's Revolutionary Party Central Committee on the election of the Third National Assembly; date not given]

[Text] Respected listeners, since the complete liberation of the nation, we have already set up two Supreme People's Assemblies [SPA]. The two assemblies have had different characteristics and performed different duties. The First Supreme People's Assembly was mainly characterized by solidarity and national concord. It successfully fulfilled its duties. The Second SPA was characterized by an assembly in charge of drafting the constitution. Its main duty was to study and establish the draft constitution as well as a number of fundamental laws. As of now, the Second SPA has also effectively fulfilled its responsible tasks. It has thus significantly contributed to defending and building our country.

To implement the resolution of the fifth party congress on the restructuring of the political system, based on the Constitution of the Lao People's Democratic Republic [LPDR], the Political Bureau of the Lao People's Revolutionary Party [LPRP] Central Committee has agreed to organize the election of representatives of the Third National Assembly. We are organizing the election of the Third National Assembly at a time while the world and regional situations are changing rapidly and in a complex manner. Following the collapse of the Soviet Union, the imperialists, with the U.S. imperialists as chieftains, have continued to seriously launch offensives using many different forms and stratagems with the hope of vanquishing various remaining socialist countries, overthrowing various countries which have adhered to the socialist ideals, and putting the entire world under the domination of the capitalist imperialists. The complex change of the world situation has seriously affected the comprehensive restructuring cause of our country.

Noteworthy is that the imperialists have concentrated on carrying out the strategy of effecting change through peaceful means with the hope of doing away with our party's leadership and turning our country into their orbit. They have carried out sabotage and subversive schemes through armed activities while instigating problems on the implementation of the democratic and multiparty system as well as human rights in our country. They have also taken advantage of economic difficulties, problems in daily life, and various negative phenomena in order to sabotage and change our country in accordance with their warfare strategy of peacefully effecting change in the same way as they have already done against the former Soviet Union and other socialist countries in eastern Europe.

Biography of LPA Antiaircraft Officer

WA1610114592 Vientiane VIENTIANE MAI in Lao 4 Sep 92 pp 1,4

[Text] A wreath-laying ceremony led by Vientiane Prefecture Deputy Governor Dr Siho Bannavong was held in memory of the soul of hero Thongdam Khammanivong. Unit members and party committees from various districts in the prefecture, officers and enlisted men, family members and a number of friends arranged the ceremony at the prefecture's military headquarters club on 3 Sep 92. Major Thongdam Khammanivong was born on 3 May 1941 in Ban Na Sai, Nasaithong District, Vientiane Prefecture. Currently [as published] he lives in Ban Oudomphon, Saithani District, Vientiane Prefecture. The major joined the revolution on 1 Jan 62. For the past 30 years, he has been assigned to two branches of service: air defense artillery and field artillery. He fought on all battlefields throughout the country. As of early 1992, he was appointed Chanthabouli District, Vientiane Prefecture military commander. He has been decorated 15 times by higher echelons: one award of the 1st class independence medal, one award of the 3rd class independence medal, one award of the first class bravery medal, three awards of the 2nd class bravery medal, one award of the 2nd class revolutionary medal, and one award of the heroes' medal. News reports state that during this memorial service, the prefecture's administrative committee gave his family 50,000 kip in support money.

Philippines

Reaction to Clinton's Election Viewed

HK0511125892 Hong Kong AFP in English 1207 GMT 5 Nov 92

[By Jacques Boyer]

[Text] Manila, Nov 5 (AFP)—While Bill Clinton's election as U.S. president was greeted with some optimism here, there was little feeling that it could prevent a major realignment of the traditional ties between the Philippines and its former colonial master.

Three weeks before the last contingent of U.S. military personnel pull out from the Subic Bay naval base, politicians and analysts agreed that the era of cooperation dominated by the near 50-year presence of U.S. bases in the Philippines had finally come to an end.

Even the return to the White House of a Democrat in place of the outgoing Republicans, roundly reviled here for their support of late deposed dictator Ferdinand Marcos, seems unlikely to reverse the process.

President George Bush earned the ire of many Filipinos for endorsing Marcos during a visit to Manila as vice president in 1981, toasting him publicly for his "adherence to democratic principles."

"It made us all sick," the DAILY GLOBE newspaper said Thursday in an editorial entitled "Last Marcos Friend Falls." It called the massive defeat of Bush a "historic justice" for the Philippines.

As a result of the U.S. withdrawal from the Philippines, the focus in bilateral relations now appears to have shifted from military to economic issues.

U.S. aid to Manila declined under Bush and few analysts here believe Clinton will do anything to drastically reverse that trend, although some said they believed the situation might improve.

"The Philippines has always gotten a better deal from the U.S. with a Democrat in the White House," The Philippine Star said, adding that bilateral relations could now start on a clean slate between recently elected Philippine President Fidel Ramos and Clinton.

For his part, Ramos sees trade rather than aid as the key issue and he called recently on Filipinos to rely on themselves to develop exchanges and attract investment and tourism.

The MALAYA newspaper echoed this view, saying that following the "divorce" from the United States over the bases issue, "we have our own lives to lead."

The Philippines was the United States only colony, gaining independence in 1946 after half a century of American rule.

The president of the Philippine Foreign Affairs Commission, Senator Blas Ople, also felt that Washington's foreign trade policy would be of prime importance in setting the tone of future bilateral relations.

"The worst disservice a Clinton administration can do both to America and to its partners is to mount a regime of protectionism, essentially from fear of Japan and East Asia," Ople said.

Ople also hoped that Clinton would bring "a fresh credibilty and a new clout" to the White House that would help jumpstart the stalled Uruguay round of the General Agreement on Tariffs and Trade (GATT) talks.

Meanwhile, a senior banker said here Thursday that borrowing from capital markets abroad will be tougher for the Philippines because Clinton's victory could lead to higher interest on U.S. securities.

Foreign governments issuing bonds in the international market will have to offer better returns than the U.S.

Treasury, said Hans Sicat, vice president for international corporate finance with the New York-based Citibank.

"A Clinton victory will see the yield climbing up," Sicat said, adding that issues by emerging markets such as the Philippines and some Latin American countries will have to do better.

Romulo Urges Stronger U.S. Economic Ties

HK0611032092 Manila THE MANILA CHRONICLE in English 6 Nov 92 pp 1, 6

[Report by Johanna Son]

[Text] Philippine missions in the United States have to work harder for stronger economic ties between the two countries now that the White House is controlled by "new players" and old allies in the U.S. Congress are gone.

"This is going to be the most challenging times for the Philippine embassy and missions there," Foreign Secretary Roberto Romulo said in an interview yesterday. "We have to convey the right message across and make the Philippine story properly heard."

For one, Romulo said, the composition of Congress, the body that approves foreign assistance, has changed. Some old Philippine allies have either retired or lost their seats.

Among them is New York Democrat Stephen Solarz, who lost his reelection bid to a Hispanic opponent during the primaries. Gloria Ochoa, the first Filipino-American to aspire for a House seat, also lost to a multi-millionaire Texan.

"We have to understand that the players are different now ... it's a different ballgame," Romulo said.

For another, Romulo explained that other developing countries will also be lobbying with the U.S. Government and competing with the Philippines.

Added to this is the fact that Philippine-U.S. relations are focusing on economics, so, Romulo said, all missions in America should work to make known to Americans the business opportunities in the Philippines.

This should be the job of the Philippine embassy in Washington "and all our consulates, instead of fighting each other," he said.

Romulo also said he expected President-elect Bill Clinton to "revisit" and review the North American Free Trade Agreement (Nafta), since its most vocal opposers are the labor unions, which were among Clinton's staunchest supporters.

For the time being, Romulo said, he expected the new U.S. government to focus on domestic issues. But he does not believe the U.S. stance on foreign policy would become "so drastically different" from that pursued by outgoing Republican President George Bush.

Meantime, he expressed optimism that the positive impressions by European officials last week would boost the Philippines' image abroad and help it secure assistance.

For instance, he said, French deputy minister Georges Kiejman's assessment of the Ramos government's political reforms would "reverberate through the halls" of parliaments in Europe, including the European Parliament.

Kiejman had given Manila good marks on human rights, saying he was "convinced" of President Ramos' efforts toward reconciliation with rebels and that the Philippines was the country in Asia whose views on human rights were "closest" to Europe.

Romulo said the Philippines got favorable assessments also from British Foreign Secretary Douglas Hurd and Belgian Foreign Minister Willy Claes.

Romulo also talked to Dutch Foreign Minister Van den Broek during the Asean-EC ministerial meeting, where they discussed the possibility of resuming Dutch aid to the Philippines.

"There is hope, but they made no promise," Romulo said, quoting the Dutch as saying they would consider (the proposal), but that they had budgetary problems as well.

Regional Security Tops Agenda for U.S. Talks

HK0611024292 Manila MANILA BULLETIN in English 6 Nov 92 p 1

[Report by Romy Mapile]

[Text] Regional security in the Asia-Pacific and the South China Sea will be on top of the agenda of a two-day meeting of the Philippines-United States Mutual Defense Board (MDB) which begins this morning at the Manila Hotel.

Gen. Lisandro Abadia, chief of staff of the Armed Forces of the Philippines (AFP) and Admiral Charles Larson, commander-in-chief of U.S. Forces in the Pacific (Cincpac), will lead their respective panels as co-chairmen of the board meeting.

The MDB is the implementing body of the RP [Republic of the Philippines]-U.S. Mutual Defense Treaty (MDT), a bilateral agreement signed between the two countries in 1951 to safeguard the security of the region.

Foreign Affairs Secretary Roberto Romulo, who received Admiral Larson at a courtesy call at the Department of Foreign Affairs offices last night, said the meeting had been put off for one day because of the elections in the U.S.

Romulo said there is no change in the agenda or indications of new form of defense cooperation but with a new President-elect in the U.S., "we have to seek the perceptions of the new administration."

He said the MDB meeting will proceed on the normal "business as usual" but in view of the recent elections, he will caution against any conjecture until the appropriate people conveyed the right information and position of the new administration.

Commenting on bilateral matters in the MDT which involve access to RP bases, Romulo said none has been requested and none has been offered, "although on concerns on the South China Sea, I welcome some manifestation of an American presence."

"We welcome an American presence, not necessarily within the shores of the Philippines, but an American presence in the region to make sure there is meaningful balance in the South China Sea and Asia-Pacific," he said.

Romulo clarified that, "if you talk of alliance in the context of current events and challenges, the concern is not just bilateral but regional and multilateral."

Referring to the Spratly Islands controversy, Romulo said, "based on all the things we have done, it shows that we are trying to confront a regional security problem in the South China Sea."

The Spratly group of islands in the South China Sea is being claimed by the Philippines, China, Vietnam, Malaysia, Taiwan and Brunei.

Sides Agree To Maintain Good Relations

HK0611102892 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 6 Nov 92

[Text] General Lisandro Abadia and Admiral Charles Larson, commander of the U.S. Pacific Command in Asia, have reached an agreement regarding cooperation betweeen the Philippines and the United States to maintain good relations, peace, and stability in the Asia-Pacific region.

In a press conference at the Manila Hotel following a Mutual Defense Board meeting, Larson confirmed there will be no change in the good cooperation and coordination between the Philippines and the United States on socio-economic policy, particularly on defense and security matters, even in the absence of U.S. military troops based in the Philippines.

Meanwhile, Abadia said this is a good opportunity which can be called a change of era in the Philippines and U.S. defense cooperation, particularly in having an effective framework for military to military relations between the two allied nations.

On Philippines-U.S. diplomatic relations, any U.S. ship is free to enter the Philippines area of responsibility and is free to use the Philippine Shipyard and Engineering Company for repair, refuelling, and rewatering services. Commercial treatment would be accorded to their needs.

At the end of the meeting, Larson noted and praised the successful launching by the Ramos administration of the Balikatan [brotherhood] Exercises 92 [joint military exercise with the United States].

Switzerland To Release Some Marcos Assets

HK0411053992 Manila THE MANILA CHRONICLE in English 4 Nov 92 p 1

[Text] Swiss authorities have agreed, without requiring the conviction of Imelda Marcos, to transfer to the Philippine Central Bank $356 million allegedly spirited into Switzerland by her husband, Ferdinand, the late dictator. Solicitor General Raul Goco, interviewed by reporters after a meeting with President Ramos yesterday, said the Swiss government had agreed to drop the condition but required that Mrs. Marcos state in writing she was allowing the transfer. "There is no legal impediments as long as the parties would express their willingness to (the transfer)," he said.

Goco, who had briefed Mr. Ramos on the outcome of his trip to Switzerland, said he would meet with Mrs. Marcos next week to make the "preliminary arrangements." He expressed optimism that Mrs. Marcos would cooperate. "Before she left (for abroad recently), she already said she has no objections (to the transfer of money)," Goco said.

He said the dollar deposit, still the subject of litigation, would be held in escrow, pending the resolution of the court case against the Marcoses in the Sandiganbayan, the graft court. "The Swiss accounts might be moved to the Philippine banking system pending the outcome of the litigation here...(This) means we will have the money here while the matter is subject to litigation, instead of the money being deposited in Switzerland," Goco said.

The transfer of the alleged ill-gotten wealth would not only introduce new money to the banking system but also eliminate the need for the services of Swiss lawyers. The development was in sharp contrast to earlier court rulings, which made the conviction of the Marcoses a condition before their assets could be touched.

The information on the Swiss accounts was found from documents the Marcoses had left behind in Malacanang in their haste to leave the country during the 1986 popular rising that had driven them into foreign exile. The Swiss decision has been the most concrete breakthrough in the effort to recover public wealth believed siphoned away during the 14-year authoritarian regime. The effort itself has been the targets of criticisms tending to imply not only a lack of earnestness but shady deals.

Marcos Approves Transfer

HK0511120592 Quezon City MALAYA in English 5 Nov 92 pp 1, 6

[Report by Raul Francia]

[Text] Imelda R. Marcos and government lawyers will submit a joint manifestation to Swiss banks seeking the transfer of $356 million from bank accounts of the late President Marcos to the Central Bank.

Antonio Coronel, Mrs. Marcos' counsel, said he and Solicitor General Raul Goco yesterday agreed in a meeting at the Hotel Intercontinental in Makati to include in the proposed escrow agreement a provision allowing either party to withdraw money upon approval of both parties.

Coronel said their proposal seeks to do away with the requirement of seeking the approval of third parties, such as the Swiss authorities or the Philippines, prior to every withdrawal of funds.

Coronel, who said the funds could be transferred as early as December, explained that this is being done with questioned assets held in trust by the Sandiganbayan. He said the deposits could be transferred or reinvested in sequestered corporations subject to the consent of the Presidential Commission on Good Government.

He cited as example the assets of Eastern Telecommunications Philippines Inc. owned by former Ambassador Roberto S. Benedicto.

Coronel said a similar arrangement could be adopted for the Swiss deposits which could be considered a joint account of the government and the Marcoses.

Both parties described the agreement as a "step ahead" in forging an out-of-court settlement on the Marcos Swiss deposits which the government said were ill-gotten.

"We agreed to transfer the money from Switzerland to the Philippines, and we hope this can be done before Christmas," Coronel said.

Goco has said the Swiss government is willing to place the money in escrow in the Central Bank if Mrs. Marcos would agree, pending a final ruling on whether it was ill-gotten.

Coronel said he will meet with Goco next week to discuss "the refinements" in the proposed agreement.

The Swiss Federal Supreme Court ruled in December 1990 that the government is entitled to the deposits but required a final judgment by a competent Philippine court that the money was ill-gotten.

The government filed a civil forfeiture suit before the Sandiganbayan last December which was deemed as compliance with the Swiss court requirement for the recovery of the deposits.

Eleven separate graft charges were filed with the antigraft court indicting Mrs. Marcos for her direct participation in the management of the accounts held for them in several Swiss banks in six account groups by at least 16 Marcos foundations.

Among the foundation account groups were Azio-Verzo-Vibur, La Trinidad-Aertina which has accounts in Credit Suisse, and the Rosalys-Aguamina-Maler which maintains deposits at the Swiss Bank Corp.

The other Marcos foundations were: Aurora, Avertina Nes, Avertina Car, Scolari, Xandy, Spinus, Valamos, Winthrop, Carmelo, Adelmar, Maler I and II, and Lazano, with deposits in Affida Bank, Societe de Banque Suisse, Bank de Paribas, Lombard Odier et Cie, Banque d' Investisement, and Campano Destion et de Banque with branches in Geneva, Fribourg, Lausanne and Zurich, among others.

Ramos Rejects Dutch Offer To Host Peace Talks

HK0511120792 Manila THE MANILA CHRONICLE in English 5 Nov 92 p 9

[Report by Manny Mogato and Redempto Anda]

[Text] President Ramos yesterday rejected an offer by the Dutch government to sponsor the peace negotiations between his administration and communist rebels.

"Our position remained the same," he told a weekly press conference at Malacanang. "We should hold any peace talks here, we should not internationalize the issue."

At the same time, the President said he had given the ad hoc National Unification Commission (NUC) blanket authority to "talk, dialogue and exchange ideas" with the various dissident forces in the country.

Earlier, Rep. Jose Yap, who met Monday with Dutch ambassador Lambert van Hanrath, disclosed that the Dutch government was willing to financially support the planned peace negotiations between the government and the National Democratic Front (NDF).

But he said the Dutch government was not too keen with an NDF proposal to hold the talks in The Hague, the Dutch capital. "They don't like the idea that this might be misinterpreted as interference on their part," he added.

In September, Yap was sent by Malacanang to the Netherlands to explore with NDF representatives the possibility of holding peace talks.

While the Dutch government was willing to contribute financially to the holding of a formal peace talks, Yap said Manila was not expected to make a request in that regard.

Yap noted that the Dutch government wanted the issue of political asylum seekers in the Netherlands to be resolved in the context of Manila's peace efforts. The issue has already caused some irritation between the two countries.

NDF leaders, led by Jose Ma. Sison, the acknowledged leader of the Communist Party of the Philippines (CPP), have applied for political asylum in the Netherlands.

Ramos Condemns Attack on Isabela Air Force Camp

HK0611102792 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 6 Nov 92

[Text] President Ramos condemned today an attack by Communist Party of the Philippines-New People's Army rebels in Kawayan, Isabela, where two OB10 fighter planes were destroyed, a Sikorsky helicopter damaged, and three military personnel wounded.

The president condemned the incident as a desperate act by communist rebels aimed at projecting a false image of the movement's strength. However, the president said the incident will not affect the government's peace initiative nor will it derail the National Unification Commission's peace efforts.

In light of the attack on the base, the president has ordered General Lisandro Abadia, Armed Forces of the Philippines chief of staff, to order all his field commanders to tighten security, particularly in areas where peace making teams have not yet met with active rebels.

Armed Forces Builds APC's Locally

HK0511055292 Manila MANILA BULLETIN in English 5 Nov 92 p 8

[Text] Two locally manufactured armored personnel carriers (APCs), designed and built under the strict supervision of the Armed Forces of the Philippines' Logitics Command (AFP-Logcom), are slated for rigid test and evaluation soon.

Manufactured in collaboration with a private steel manufacturing firm, the APCs, called "Hari-Digma" (King of War), are reportedly multi-purpose conveyances. "They can be used as a command vehicle for tactical units during any assigned mission such as troop movements, reconnaissance and escort missions," said Brig. Gen. [Brigadier General] Manuel Mariano, AFP-Logistics Command (Logcom) chief. He added that the APCs are also fighting vehicles during riots, demonstrations, and crowd dispersal activities.

Col. [Colonel] Norberto Jabile, AFP Logcom vice-commander, said the military vehicles were realized through the joint efforts of the AFP-Logcom and the Steelcraft Manufacturing Corp. He said the test and evaluation will be conducted in Fort Bonifacio in Makati, next month or early next year. Jabile said the command, on orders of Mariano, provided the engineering design, while Steelcraft was responsible for the construction.

Mariano and Jabile said the government will save a lot of money when acquiring the APCs whose features, they said, are competitive "if not better than those manufactured in other countries." The two APCs were completed within two years since 1990. He expressed the belief that the venture will help generate more jobs when the APCs are exported next year. He said the Logcom is eyeing many Southeast Asian countries as probable initial buyers of the local APCs. "The evaluation and acceptance of the 'Hari Digma' are expected to provide greater opportunities for the self-reliant capability of the AFP and the Philippine National Police," Mariano added.

Thailand

Prime Minister Congratulates Clinton on Election

BK0511145692 Bangkok Radio Thailand Network in Thai 1200 GMT 5 Nov 92

[Text] Prime Minister Chuan Likphai sent a message of congratulations to Bill Clinton on the occasion of his election as the 42d President of the United States. The message reads:

On behalf of the Thai Government and people, I would like to extend my congratulations on your election as the 42d President of the United States. At this important point in history for the United States and the world, Thailand is confident that under your able leadership, the United States will continue to champion free trade and democracy. The United States and Thailand have been close allies for over 150 years by upholding the principles of mutual interest and trust. As a leader of Thailand's elected government, I look forward to working closely with the new administration to develop further the already cordial relations between our two countries and peoples.

Clinton's Trade Policy, Ties With U.S. Viewed

BK0611135992 Bangkok THAI RAT in Thai 6 Nov 92 p 3

[Editorial: "New Face of the World"]

[Text] Bill Clinton has been elected the 42d president of the United States. His landslide victory will bring some drastic changes to the world. There will be not only changes in the U.S. Administration, but also changes in the world.

Bill Clinton will have to do everything for the Americans first. The past U.S. policy of encouraging American businessmen to invest in foreign countries will not be continued. On the contrary, he will try to encourage the businessmen to invest in the United States instead in order to create more jobs for the unemployed workers. His target is to try to bring recovery to the deteriorated U.S. economy as soon as possible.

The United States has opened its market for foreign products, although there are quota limits for certain products. In the future, the United States, under Clinton's leadership, is unlikly to be so generous. It will be more protectionist in order to protect its domestic products. Moreover, it will adopt an offensive policy against foreign countries, which have enjoyed trade surpluses with the United States by pressing those countries to open their markets for U.S. products. In particular, it will exert greater pressure on countries that have violated intellectual property rights.

More countries will form free trade groupings to help relieve their hardships by relying more on their own groupings. There will also be drastic changes in the foreign currency exchanges. The U.S. dollar will have less influence. It is possible that Russia, the independent states of the former Soviet Union, several EC countries, China, and Japan will turn to producing weapons for sale to compensate the loss of income as a result of U.S. trade protectionism.

Although Thailand is not a big country, it has enjoyed a trade surplus with the United States. So, the United States is likely to press Thailand to open its service market, such as banking, aviation, insurance, and other service businesses. It may also impose strict controls on Thai exports, especially on garment exports following recent reports of forged garment export quotas.

Will there be any positive effects on Thailand from Bill Clinton's election as U.S. president? The answer is yes. But we may have to wait for a long time before we can see such effects because Clinton will have to emphasize reviving the U.S. economy first. The Americans will have more money if the U.S. economy improves, which will benefit the world, including Thailand. However, we may have to wait until Bill Clinton's second term to see such benefits.

Policy Adjustments Proposed With New U.S. Leader

BK0611143192 Bangkok Voice of Free Asia in Thai 1030 GMT 5 Nov 92

[Station article: "The New U.S. President and Impacts on Thailand"]

[Text] The U.S. presidential election has finally taken place, and the Democrat Party's Bill Clinton, who has been leading in the polls, has won. He will become the new U.S. President replacing George Bush of the Republican Party. The outcome shows that the American people supported the policy platform advocated by the 42d U.S. President in his campaigns.

Dear listeners, as it is generally known, there is a clear distinction between the economic policies advocated by the Democrat Party and the Republican Party at a time when the United States is experiencing a post-Cold War economic recession and trade deficits. The Republican Party, which has been in office for three consecutive terms of 12 years, stressed government investment. Coupled with an across-the-board reduction in taxes, this amounted to a tax increase for low income earners. Meanwhile, the Democrat Party stressed that the government should give incentives to investors and strengthen the foreign trade policy to improve competitiveness, meaning stronger protectionism. The Democrat Party will collect more taxes from the rich, while reducing taxes on income earners.

Dear listeners, the United States is a world power, and its policies will affect other countries including Thailand. Even before the last ballot was counted, we knew that Thailand would be affected by the outcome—no matter which of the two major candidates is elected. Particularly, we can expect growing tension in trade ties as the new government will try to please its people by adopting steps to safeguard national interests in trade with other countries. It will try to show the American people that it is serious in dealing with unfair trade partners in response to complaints from the U.S. private sector. The U.S. is now suffering from an enormous trade deficit and declining economically. The American private sector wants the government to engage in trade relations with countries that has no problems with the U.S. Government. Expected retaliatory moves can include the suspension of preferential tariffs if certain countries fail to open markets to free competition, retaliation against human rights abuses, and to violations of U.S. intellectual property rights, for example.

Dear listeners, Clinton has been voted as President and the Democrat Party has a majority in Congress. Therefore, there is a high likelihood that he would introduce bills to protect the interests of the American people. As a result, Thailand can expect stronger trade pressures. As the U.S. is the biggest market for Thai exports, it is inevitable that Thailand would stand out as a target in U.S. attempts to solve problems with its trade partners. It must therefore be best prepared to cope with any eventuality. What it should do, for example, is to try to get the U.S. to understand that Thailand is a source of profit for the U.S. in several aspects, particularly in oil investment in exploration in the Gulf of Thailand. Also, Thailand should at the right time seize the opportunity by talking with the U.S. about issues other than trade, where problems exist. It must stress its importance in international affairs, such as its role and efforts to solve the Cambodian problem. It should try to forge good relations with U.S. Government officials and politicians, and to give them a good impression about our country, and pay attention to problems of their interests such as human rights and the environment. It should set up a central office, which can project the Thai Government's policy clearly, and to be directly responsible for trade talks with the U.S. This will prevent any particular ministry from being in charge of the problems. Yet, Thailand must realize that it cannot pin its hope on the U.S. alone. It must realize that once it has adjusted itself to the tune of the global economy and achieved a certain level of progress, that the U.S. could lift the preferential tariffs given to Thailand as a developing country and give them to others that are more underdeveloped. Thailand in this case must explore new markets for its products.

Meanwhile, the U.S. should realize that Thailand has been a long-time ally, with a history of close ties and cooperation in the political struggle in Southeast Asia. If President Clinton and his Democratic Administration realizes this, it is believed they would not let trade interests and related issues spoil ties.

Dear listeners, although trade protectionism could be the policy of Clinton and his Democratic Administration and that Thailand may suffer from that, we must realize that this is normal. The U.S. Government has the right to best protect the interests of the American people under the democratic principle, which the U.S. itself is the leader. It depends on how Thailand copes with the impact of U.S. policy. Thailand must adapt to cope with whatever that may come. That Thailand now has an elected democratic government should tell the world that the Thai people are determined and ready to develop democracy with continuity, making it a stable system in Thailand. Thailand's concern for the problems of human rights and the global environment is also in keeping with the policies of the Democratic Party, which will be taking the helm of the U.S. administration. By taking U.S.-Thai relations into account and its related problems, including regional security, we therefore believe the present Thai Government should not have to worry about obstacles to the conduct of its policies. It is believed the Thai Government will be careful in dealing with U.S. ties, by taking into consideration mutual interests and national interests in accordance with the stated policy it delivered to the parliament.

Dear listeners, we will now have to follow the policies of the new U.S. president Bill Clinton, and how they affect Thailand or other countries. We will have to wait until he has formed his government.

Deputy Premier on Protectionism, Section 301

BK0411150792 Bangkok Radio Thailand Network in Thai 1200 GMT 4 Nov 92

[Text] Deputy Prime Minister Suphachai Phanitchaphak told reporters at the National Assembly building this afternoon that he did not think that Bill Clinton's administration will be more protectionist. However, he believes that President Clinton will try to solve domestic economic problems first. The United States will have more bargaining power in trade talks if it is successful in tackling its economic problems. The United States has good reason to seek trade negotiations with Thailand because Thailand enjoyed an annual trade surplus of over 50 billion baht with the United States. So, there will be talks and bargaining. Thailand must learn about the U.S. stand on Section 301 as soon as possible.

[Begin recording] [Suphachai] Now we enjoy a trade surplus of over 50 billion baht annually. This is not a small figure. It has some meaning to the United States. So, we should understand that the United States has good reason to seek negotiations with us. We also have our own reasons—we have to develop our country and we have to sell our products as much as possible. We need markets because we do not want to borrow money or to beg for assistance from other countries. Both sides have to understand each other on these conditions. We must work from the principle of give and take in trade talks with the U.S. It will be difficult if both sides do not compromise.

[Correspondent] What are your opinions on Section 301?

[Suphachai] This should be a priority for us to deal with the United States to learn its future plan. This is an affair for the U.S. Congress, not just the U.S. Government to decide. The U.S. Congress has regulations concerning retaliation against its trade partners for not opening markets or for failing to provide protection for intellectual property. This is an affair of the U.S. Congress. The U.S. Government has a duty to carry out trade negotiations. [end recording]

Paper Views GATT Talks, Clinton Presidency

BK0611020792 Bangkok BANGKOK POST in English 6 Nov 92 p 4

[Editorial: "GATT Row Reaches Jumbo Proportions"]

[Text] The Clinton camp can be thankful that French champagne was still available for their post-election celebrations. Californian *methode champenoise* is not quite the same, so perhaps the president-elect should start stocking up before the formal inauguration in January.

Possibly by that time the major economies will have recovered their sense of reality. In recent weeks the beleaguered Uruguay Round of world trade talks has been plunged into an atmosphere that is decidedly unreal. Few had ever imagined that the United States and the European Community could reach agreement on farm trade liberalisation in their emergency talks in Chicago, so close to the US presidential election.

True to form, those talks broke down as balloting closed on Tuesday. Now an administration that no longer has a mandate to rule is threatening to impose prohibitive 100 percent import duties on an estimated $350 million worth of French white wines and other European goodies. (In Thailand such a move would be interpreted as a cynical plot by the incumbent to deprive his victorious challenger of some good celebratory bubbly.)

True to form also, the European Community has vetoed deliberation in the governing council of the General Agreement on Tariffs and Trade (GATT). The EC has already twice rejected a ruling by the GATT Council that its oilseed subsidies violate international trade rules. Now the Europeans have refused to let the GATT Council discuss a US application for permission to retaliate against the EC for its oilseed subsidies.

The oilseed case and the Uruguay Round are supposed to be separate issues. They have now become interlinked. US Agriculture Secretary Edward Madigan and EC Agriculture Commissioner Ray MacSharry discussed them in the same breath in Chicago.

After blocking the US request to the GATT council on Wednesday, EC Ambassador to GATT Tran van Thinh told reporters: "For us, if there is permission for the US to withdraw concessions [for which read impose sanctions], it does mean *ipso facto* the death of the Round. I don't believe that we could go on. Why should we negotiate with someone who is taking action against us? Where would you see that kind of thing? In the jungle," Mr Thinh said.

Well, in the jungle that is the world agricultural trade market, the proverbial grass is being trampled by the fighting elephants. Only those who believe that might-is-right could so blatantly violate international agreements and then come up with the kind of self-righteousness that the Europeans showed on Wednesday.

Countries such as Thailand are being forced by the elephants to comply with what effectively are Uruguay Round positions on the protection of intellectual property and the liberalisation of services, even though the Round has now been deadlocked for almost two whole years and therefore nothing has been agreed.

At the same time the smaller countries are being forced to face the unfair competition of subsidised exports from the United States and the EC in world markets for rice and other agricultural products. The elephants refuse to give up their agricultural subsidy war until the Uruguay Round is concluded.

But the Uruguay Round cannot be concluded, whatever the rest of the round's 108 participants want, until the United States and the European Community settle their differences. And then, presumably, the rest of the world will have to accept whatever the two elephants eventually agree. As Thailand's principal negotiator, Commerce Permanent Secretary Phachara Itsarasena, is fond of saying: if the elephants decide to make love, that's when we should really be worried.

Will the elephants make love eventually? French ministers, who are blamed most for the EC's agricultural protectionist stance, are placing their hopes on a new attitude from the new Clinton administration.

There is in fact an interesting historical precedent. The previous GATT round, the Tokyo Round (1973-79), was also deadlocked because of a US-EC dispute on agriculture. Analysts say the breakthrough was made possible because of the arrival of a new Democrat president, Jimmy Carter, in early 1977. Mr Carter and his Special Trade Representative, Robert Strauss, attached greater priority, the analysts say, to concluding the Tokyo Round than to standing firm on a matter of principle.

Perhaps that is the best we can hope for with the arrival of Bill Clinton. The EC's rejection of the GATT ruling on oilseeds, and the US threat of retaliatory sanctions, are clearly an indication of how vulnerable the 40-year-old multilateral trading system is when the elephants begin to lose faith in it.

Chinese-Language Papers on U.S. Election, Trade

BK0511143392

[Editorial Report] Two Bangkok Chinese-language newspapers—ZHONG HUA RIBAO and XING XIAN RIBAO—on 5 November carry, respectively, an editorial and a commentary on Bill Clinton's election as the new U.S. President and prospects for Thai-U.S. trade.

ZHONG HUA RIBAO's 600-word editorial on page 5 is titled: "The Sagging U.S. Economy Is the Main Reason for Bush's Disastrous Defeat." After reviewing the three U.S. presidential candidates' election campaigns and the results of public opinion surveys, the editorial says that economic affairs have become the hottest topic of the campaign because of the sluggish U.S. economy, specifically the budget deficit and unemployment. The problems of negative economic growth and rising unemployment have caused hardship for Americans. As a result, most Americans have decided they want change. The Americans have realized that "Bush only emphasized foreign affairs while achieving little in the economic domain except for following Reagan's policies on inflation and interest rates." This is the main reason for Bush's disastrous defeat. Most people see that President-elect Clinton and his Democratic Party favor trade protectionism and that he has a policy to spur economic recovery by spending more on rebuilding infrastructure to create more jobs. However, such spending may cause an even bigger budget deficit unless Clinton's administration imposes higher taxes on rich people and foreign companies.

In conclusion, the editorial says: "Clinton must realize that trade protectionism will trigger trade wars. Thus, it will have an adverse impact on U.S. manufacturers and workers. Although he advocates 'fair trade,' he will try to avoid any tension in trade relations with other countries so that he will not have to face more difficulties in economic matters."

XING XIAN RIBAO's commentary on page 4, entitled: "Clinton's Election as the U.S. President and Its Impact on Thailand," says Clinton was elected as the new U.S. President as generally expected. "During the election campaign, Clinton criticized Bush's mistakes in economic affairs. He also proposed measures to tackle the problems, such as levying higher taxes on rich people and cutting the defense budget. In economic and foreign affairs, Clinton supports free trade. He also attaches importance to human rights and the spread of democratic values. Clinton has said he favors retaliation against countries that fail to protect intellectual property rights and to open up their markets to U.S. products and services."

Thailand and the United States have a long history of relations. In the past, the two countries shared common interests in security affairs. After the end of the cold war, security issues have become less important, but conflicts in Thai-U.S. trade relations have emerged. The United States is not satisfied with its trade deficit with Thailand. Thailand has enjoyed a trade surplus with the United States since 1985; the surplus reached 52 billion baht in 1991. The United States has also accused Thailand of failing to protect U.S. intellectual property rights.

The commentary also says that Thailand attaches great importance to its relations with the Untied States because that country is Thailand's biggest trade partner. Thailand's exports to the United States in 1991 ammounted to about 21.2 percent of all Thai exports. Many Thai products are covered under the generalized system of preferences. Now it is time for the Thai Government and business circles to prepare to cope with possible U.S. trade retaliation if the Thai-U.S. trade talks fail.

Agreement To Share TV Frequencies With Malaysia

BK0611014592 Bangkok BANGKOK POST in English 6 Nov 92 p 8

[Text] Thailand and Malaysia have agreed in principle to share TV frequencies in border areas and to form a joint technical committee to effectively solve the decades-old problem of frequency overlapping.

Post and Telegraph Department director-general Samit Thammasarot led a Thai delegation-including representatives of the Foreign Ministry Public Relations Department, National Security Council and Mass Communications Organisation of Thailand to Kuala Lumpur last week to discuss the above issues with Malaysian Telecommunications Department authorities.

Mr Samit said yesterday the overlapping TV frequencies had covered southern Thai provinces such as Pattani, Satun, Narathiwat, Yala, Songkhla and Phuket since 1960.

The two sides agreed last week to share TV frequencies broadcast in border areas for mutual interests and to design measures aimed at preventing further co-channel operations.

A Joint Technical Committee (JTC) will be set up to deal with the overlapping where it involves technical aspects.

Mr Samit said the committee has yet to be approved by the Joint Permanent Committee on Frequency Assignment along the Malaysia- Thailand Border (JPC).

But the establishment of the JTC should efflctively eliminate any problems in the near future, he said.

House Demands 'Clear-Cut Policy' on Border Crime

BK0611022392 Bangkok BANGKOK POST in English 6 Nov 92 p 8

[Text] The House of Representatives yesterday called on the Government to lay down a clear-cut policy for the maintenance of law and order along the Thai-Cambodian border.

The Government should also ensure that such a policy be implemented earnestly, the House of Representatives said.

The Lower House also called on the Government to spell out a definite policy for peace and security along the 800 kilometre frontier, arguing that it is the people who suffer from any failure to do so. The calls emerged after a debate lasting more than four hours on problems of crime—including murder, robbery, kidnapping, smuggling of cars and illegal logging—in the seven provinces bordering Cambodia.

The debate took place under an urgent interpellation from Opposition Member of Parliament [MP] Prakit Phonladet, who holds a seat for the Chat Thai Party in the northeastern province of Buri Ram.

Most MPs laid the blame on dishonest and corrupt officials who they said failed to coordinate with each other in law enforcement and yet could cooperate with criminals.

Mr Prakit linked the frequent incidents of robbery and murder in Buri Ram and Prachin Buri provinces to refugees whom he said slipped across the border in search of food and sometimes took Thai villagers hostage for ransom.

In Ta Phraya District of Prachin Buri, he said there had been 34 cases of robbery since the beginning of this year. Further south in Aranyaprathet District, 16 cases were reported.

But also he pointed to the complicity of officials in the smuggling of cars and motorcycles from Thailand to Cambodia where they are sold.

"These vehicles have to pass border checkpoints and up to now Government officials have conspired in the smuggling, with fees of 800 baht paid for each motorcycle and 10,000-20,000 for each car," he said.

The MP blamed the problem on the lack of coordination among officials, citing the difficulties of police in taking action in border areas that are largely under the control of the Second Army Region.

Kon Thappharangsi, the Chat Phatthana MP for Nakhon Ratchasima urged ministers of the Interior, Defence and Foreign Affairs ministries to live up to their responsibilities in order to ensure the country's security.

The situation should not be allowed to deteriorate so far as to allow a repeat of the problem with Burma, in which government officials were taken hostage, he noted.

Peace would be ensured in Cambodia and consequently in Thailand when there is "peace in this (border) area," he said. "Only Thailand is in a position to do this," he added.

Meanwhile Sawat Munlasatsathon, the NAP [New Aspiration Party] MP for Surin, called on the Government to reconsider the existing border passes, suggesting that the financial rewards may not be worth the problems they bring.

He pointed out that "armed foreign forces" regularly robbed cattle and food supplies from villagers, especially in Kap Choeng District of Surin, with 70 head of cattle taken in the most recent incident.

"Such large-scale robbery of cattle arouses suspicion considering the fact that when we have armed forces at the border," he said.

Robberies in Kap Choeng District take place at the frequency of no less than three times each week, he pointed out.

And yet the Suranari Force consisting of about 200 Border Police Patrol members is stationed 30 kilometres from the border which makes it difficult to uphold law and order, he added.

Somchai Niyomkit, the Democrat-MP for Chanthaburi, said the Khmer Rouge continue to arm their soldiers and wield significant power in the border area adjacent to Chanthaburi because traders are reaping benefits from the gem mining industry, logging and the smuggling of cars in their territory.

The MP called on the Government to negotiate directly with authorities in Cambodia to put an end to the current problems which arise from these activities.

Chamnong Phosaro, the Chat Thai Party MP for Si Saket, said a large number of Cambodians had illegally settled in the villages of Samrong Kiat and Ban Huai Chan in Khun Han District of Si Saket Province.

He said they were "robbing Thai people of their livelihood" and were also illegally felling trees and stealing cattle.

Danairit Watcharaphon, the Social Action Party-MP for Si Saket asked for an investigation into the fees collected from tourists who visit the ancient ruins at Khao Phra Yihan.

He said the Cambodian side so far had made the most gain from tourists going to the ruins. But the fees collected on the Thai side, which should be of national benefit, had been appropriated by the provincial authorities, he said.

In response to the points raised by the MPs, Deputy Interior Minister Suthat Nguenmuen said the Government had not been sitting idle on the problem of crime caused by refugees.

He said self-defence villages had been set up and the inhabitants could get in touch with government agencies at all hours. Checkpoint have been activated to deal with the problem of illegal entrants while the Suranari, Burapha and Chanthaburi-Trat military forces are enforcing a crackdown on the illegal possession of war weapons.

The illegal export of cars and other vehicles is being monitored by strict checks on licences, he added.

He said the Interior Ministry had urged prompt action on the problem of crime and has called for an increase in the number of law enforcement officers along the Ban Kruat-Lahansai-Ta Phraya border route.

Defence Minister Wichit Sukmak said the military had been cooperating with the police in special joint action units for the maintenance of law and order since the Anand II administration.

He said he would ensure that refugees are sent back to their country of origin within the specified time frame. But he stressed that the Supreme Command would need the cooperation of MPs to obtain a budget of some 12 million baht to complete the task because funds from the United Nations High Commission for Refugees (UNHCR) would run out by the end of this year.

About 164,000 Cambodians are still to be repatriated to their homeland in time for UN-supervised elections expected to take place by May next year.

Government Earmarks Funds To Boost Rice Prices

BK0611011592 Bangkok THE NATION in English 6 Nov 92 p B1, B16

[By Aphisak Thanasettakhon and Atchara Phongwutthitham]

[Text] The Chuan government is to spend more than Bt[baht]15 billion on a plan boost rice prices. The funds will provide financial support for farmers and a rice intervention programme.

The Bank of Thailand and the Bank for Agriculture and Agricultural Cooperatives (BAAC) will receive the majority of the budget and will be charged with implementing the plan to shore up rice prices.

The Committee on Farmers' Assistance Policy, however, appeared ta place less emphasis on the creation of a Land Bank, to provide financial support for farmers wishing to own land. A budget for the Land Fund was not mentioned at the yesterday's meeting.

Deputy Prime Minister Suphachai Phanitchphak said after the meeting that, "We discussed immediate issues, focusing on rice production and how to boost rice prices."

After meeting for three hours, the committee set a target price for 5 per cent paddy for the season 1992/1993 at Bt4,100 per kwian, or one metric-tonne, and glutinous paddy at Bt3,450 per kwian. The committee also instructed the Foreign Trade Department to borrow part of the Farmers' Assistance Fund to buy rice stock for later export.

Supachai said that the credit would carry no interest. The government did not set a limit on the amount of credit, but would leave the amount flexible to meet market demand.

Of the total budget for the comprehensive rice assistance plan, the Bank of Thailand will grant Bt5 billion worth of credit to paddy sellers and rice millers who wish to buy packing credits. The credit will carry low-interest rates of less than 10-per cent.

The committee has also approved a Bt5-billion budget for the BAAC's rice pledging programme. The BAAC will pledge paddy at 90 per cent of target price with interest at three per cent. If the BAAC takes a loss from the programme, the government will spend some of the Farmers' Assistance Fund in compensation.

Supachai added that the committee has also granted Bt300-million in interest-free credit for the Interior Ministry's, rice intervention programme. The Interior Ministry will use the budget to buy paddy at Bt100 per tonne higher than market price.

The Internal Trade Department will also receive Bt200-million interest-free credit for improving the operation of the central market and rice mills. The committee has approved a budget worth Bt123.6 million for the Commerce Ministry to spend on a rice silo for drying rice. The ministry's rice silo is designed to assist the operations of medium-sized rice millers. The project is scheduled to be complete within two and a half years.

The Committee also agreed to extend the period of BAAC's rice pledging programme to the end of this year.

The comprehensive programme reflected the government's efforts to shore up prices of paddy, which will enter the market shortly. The government, early this week, approved 8 plan to export up to 700,000 tonnes on long-term credit on a government-to-government basis.

Sources said that the meeting yesterday was originally held to discuss three farm products, rice, eggs and onions. But the committee ended up spending the whole session on rice. The meeting agreed to postpone talks on eggs and onions to next Wednesday.

The committee did not discuss on the budget to finance the Land Fund for the next fiscal year. The Land Fund, brainchild of Anan administration was designed eventually to be developed into a Land Bank. The Anan administration set a budget of Bt1 billion for the Land Fund for the 1992 fiscal year.

Agriculture Minister Niphon Phromphan said that, "The committee cut the budget for Land Fund because the government already has a plan to reform four million rai of land annually. And if the plan come to fruition, it would be less necesssry to set the money for the Land Fund."

Niphon said that for the Agriculture Ministry, the Committee has approved Bt3 billion budget for implementing a farm assistance plan. He added that the Bt3-billion budget would come out of the total Bt6 billion budget for the farm assistance programme which Parliament is expected to approve shortly.

He added that of the total Bt3 billion budget, the Agriculture Ministry will spend Bt2.5 billion on long-term credit low-interest for farmers, while the other Bt500 million would boost means of production.

Niphon said that the Chuan government will continue the legacy of the previous government to promote crop plantation. He said that the govemnent will promote crop substitutes which require less water by supporting farmers with long-term credit.

He said farmers normally face the problem of a lack of financial support to change their business activities, while the BAAC has a limit capacity in granting credits.

Niphon added that if the government's plan to give farmers financial support succeeds, the programme might possibly be developed into the establishment of an Agricultural Finance and Corporation.

Vietnam

Deputy Premier Comments on U.S. Ties

BK0611104792 Hanoi Voice of Vietnam in English 1000 GMT 6 Nov 92

[Text] Vietnam believes that the new U.S. President, Mr. Bill Clinton, will continue U.S. cooperation with Vietnam on humanitarian issues.

Addressing a press conference held in Hanoi Thursday in connection with his recent European tour, First Deputy Prime Minister Phan Van Khai said: Vietnam's policy vis-a-vis the United States is clear and consistent. Vietnam's foreign policy is an open-door policy aimed at establishing friendly relations with all countries in the world. The United States is a major power with an important role in the world. Vietnam is prepared to establish and maintain relations of equality, mutual respect, and mutual benefit with all countries. Vietnam is pursuing a clear-cut policy. As to the when of the lifting of embargo and normalization of relations between the two countries, the answer rests with the U.S. leadership.

Japan To Extend 45.5 Billion Yen Loan

BK0611071192 Hanoi VNA in English 0633 GMT 6 Nov 92

[Text] Hanoi VNA Nov 6—The Japanese Government will extend an ODA [official development assistance] loan of a 45.5 billion yen (about 380 million USD) to Vietnam for its economic and social development projects.

This is announced in a note signed here this morning by Deputy Foreign Minister Vu Khoan and Japanese Ambassador to Vietnam Hiroyuki Yushita.

Attending the signing ceremony were cabinet minister, head of the government office Le Xuan Trinh, and senior officials of the State Planning Commission, the Ministry of Finance, the Ministry of Justice, the state bank and other offices concerned.

Speaking after the signing, Vice Minister Vu Khoan said this is an important event marking a new period in the expansion of cooperation between the two countries. It will stimulate and create favourable conditions for Japanese businessmen to promote their cooperation with and investment in Vietnam, and contribute to the common trend in the world community to expand relations with Vietnam.

Japanese Ambassador Hiroyuki Yushita said he was moved and happy to sign the document. He said Japan highly values the renovation proccess in Vietnam and hopes that Japan's aid will contribute to improving Vietnam's economy and development, the Vietnam-Japan cooperation and the stability in the region. He said he hoped that the two sides would extend mutual help to expand bilateral relations.

Also this morning, in Tokyo, Vietnamese Deputy Minister of Finance Pham Van Trong and Vice Chairman of the Oversees Economic Cooperation Fund of Japan Chikao Tsukuka, signed the aid agreement on behalf of the two governments.

Phan Van Khai Holds News Conference

BK0611065992 Hanoi VNA in English 0646 GMT 6 Nov 92

[Text] Hanoi VNA Nov. 6—The Foreign Ministry held at the government's guest house here yesterday afternoon a press conference on Vice Premier Phan Van Khai's visit to Belgium, the European Community and France.

At the conference, Vice Premier Phan Van Khai told the mass media representatives of the satisfactory results of his official visits to Belgium and France and of the economic seminars he attended in these countries. He said his talks with officials of the Belgian and French Government and his meetings with businessmen in these countries have been very fruitful. Belgian, French and EC officials highly appreciated the achievements of Vietnam in the renovation process and praised Vietnam's economic open-door and multilateralisation policy. They highly valued Vietnam's potentials and held that it is now the best time for foreigners to invest in Vietnam. They took note of the progress in bilateral relations and stressed the necessity to further strengthen cooperation with Vietnam.

In Belgium, Vice Premier Phan Van Khai and representatives of the Belgian Government signed three important documents, namely the agreement on Belgium's reduction of Vietnam's debt by USD three million, the agreement on civil aviation and the memorandum of understanding on stepped up implementation of the framework agreement on economic, scientific and technical cooperation, firstly in energy.

In France, the French Government decided to add USD 50 million Francs to its aid to Vietnam, raising the total in 1992 to 180 million French francs. France also announced that it was considering to grant financial loans to Vietnam at low interests and to help Vietnam increase its exports to Western Europe.

During his talks with Vice Premier Phan Van Khai the Chairman of the European Community Committee Jacques Delors said that the EC will step up its programmes of cooperation with and support for Vietnam such as the programmes of resettlement of repatriates, personnel training and trade exchanges and it hopes to sign a framework agreement on economic, scientific and technical cooperation with Vietnam in the coming period.

Belgian and French businessmen showed keen interest in stepping up investment in the fields of oil and gas, hotel construction, services, processing of agro-aquatic and forestry products and mineral ore dressing and infrastructural projects in Vietnam. They held that though some difficulties remain in the mechansm and modalities of investment as well as in the land and taxation policies the prospects for investment are good.

National Assembly Delegation Visits Malaysia

BK0511142992 Hanoi VNA in English 1410 GMT 5 Nov 92

[Text] Hanoi VNA Nov.5—A delegation of the Economy and Budget Commission of the Vietnamese National Assembly led by Mai Thuc Lan, head of the commission, paid a working visit to Malaysia from Oct. 29 to Nov. 5 at the invitation of the Malaysian parliament.

While in Malaysia, the delegation was received by Mohamed Z.B.H. Ismail, chairman of the lower house of the Malaysian parliament and also chairman of the ASEAN Interparliament. It conveyed Vietnam's National Assembly Chairman Nong Duc Manh's letter inviting a delegation of the ASEAN Interparliament to visit Vietnam in early 1993. The invitation was accepted with pleasure.

The delegation attended several sessions of the Malaysian parliament. It visited and had working sessions with the Malaysian Ministries of Foreign Affairs, Trade and Industry and Domestic Trade and Consumer Affairs, the Public Prosecutors' Office, the State Bank, the Economic Planning Commission of the Prime Minister's Office, the Federal Agricultural Market Department, the export centre and other institutions. It also toured the famous Malacca Tourist Centre and the Selangor Export Processing Zone.

Australia

Government Backs U.S. Trade Action Against EC

BK0611064492 Hong Kong AFP in English 0605 GMT 6 Nov 92

[Text] Canberra, Nov 6 (AFP)—Australia on Friday supported moves by the United States to take action against European Community (EC) exports following a breakdown in trade talks.

Trade Minister John Kerin blamed France for the failure to liberalise world trade under the General Agreement on Tariffs and Trade (GATT).

"The Americans have been doing exactly the right thing by going through all the procedures under GATT," Kerin said.

"If the EC are not prepared to go along with (GATT), and be hairy-chested and talk about retaliation, then that simply means they are not prepared to rejuvenate world trade and economic growth."

Washington said Thursday it would slap 200-percent duties on about 300 million U.S. dollars' worth of European products from December 5 in retaliation for the EC's refusal to cut subsidised oilseed production.

Kerin said on radio he hoped the dispute could be settled in the 30 days before the sanctions take effect, but French intransigence was blocking a resolution.

"Always it is the French farmers and the French putting pressure on the EC that causes these problems," he said.

Evans Discusses Clinton Win, Impact on Trade

BK0511130792 Melbourne Radio Australia in English 0800 GMT 5 Nov 92

[From the "International Report" program]

[Text] Despite the latest American threats of retaliation against Europe on trade, in Canberra, the election of Bill Clinton has been greeted with a degree of optimism. Australia's Foreign Minister Gareth Evans trusts that Bill Clinton will be the internationalist he say he is.

Senator Evans says it is unlikely Australia will see an all-out trade war, pointing to the fact that despite the temptation during the campaign, Governor Clinton refused to engage in any Japan- bashing exercises. Before leaving for Korea and Beijing, Sen. Evans, who was at Oxford University at the same time as the president-elect, was asked by (Maxime Mackew) about the likely tensions between America and Japan:

[Begin Evans recording] Well, I think to the extent there is going to be renewed emphasis on growth in the economy, that is good news for the rest of the world, Australia included. That is exactly what we want to see, to the extent that is going to be at the expense of countries like Japan. Well, it does send a few tremors around the place. I don't think we will see from a Clinton administration an emphasis on market access, market opening, and a willingness to use fairly robustly, a retaliatory trade strategy against those countries which don't want to play ball in this respect. There is a mixture of commitment there to free trading principles—the so-called fair trading principles. We've got to be nervous about the potential implications of this escalating all- out trade war, but if it is just an exercise, it must get our persuasion. At the margin, [words indistinct] good.

[(Mackew)] If there is any dispute of a serious nature with Japan, would we stand firm with Japan against the United States, as the prime minister said in Tokyo not long ago?

[Evans] We have promised to make our [word indistinct] priorities clear. We depend on the countries of Northeast Asia and Southeast Asia for 60 percent of our exports, and Japan is overwhelmingly the biggest market, in that respect. Only 10 percent go to the United States. So self-interest demands that we really make the most of that relationship, and we won't be party, as the prime minister, said to any kind of arrangement or deal which is designed to sort of line-up against Japan in that way.

On the other hand, I think Japan has to appreciate that it must continue with the market opening strategy. Now that it has begun to be dealt with over recent years, that it really can't expect to have a one way track in terms of massive access of its goods into the U.S. market, and with [word indistinct] running the other way. That is really what the Uruguay Round is all about as well these bilateral arguments, and I think on the whole, that we won't see the launch of an all-out trade war.

Bill Clinton did not during the campaign succumb to a great temptation that he was offered on many occasions by many constituencies to engage in Japan-bashing. He is going to engage in a lot of intense pro-U.S. self-interest assertion and pursuit, but I don't think it will be crude in its application with other countries. I am reasonably optimistic about the impact on the region.

[(Mackew)] The prime minister also said that our embassy in Washington has made contact with people in the Clinton camp. How extensive has that contact been and what is the early feedback about attitude towards a Asia-Pacific area and to APEC [Asia Pacific Economic Cooperation] in particular?

[Evans] Well, I and other officials in Washington have been working (?a trip) for some time with a number of people who are likely to play prominent role in a Clinton administration, and there are a number of individuals among them who are highly sensitized to Asia, the Asia-Pacific region, even though Bill Clinton himself has not particularly focussed on this in the past.

I think it will be a matter of Clinton realizing that here—this part of the world is the big growth engine—the economic dynamo—and the U.S. just had to, in its own interests, get hitched into that and can't be Eurocentric to the exclusion of simultaneously focussing on developing a decent relationship politically and particularly economically with our region. And I think we can expect to see a genuine regional focus emerging with much more emphasis on developing regional community, partnership arrangements, economically and politically. I think APEC, although hasn't featured in Clinton's rhetoric, will feature large in the commitment of his administration.

I am very comfortable about the likely approach of the U.S. toward our region as a whole. [end recording]

Opposition on Cooperation With New U.S. Leaders

BK0611081692 Melbourne Radio Australia in English 0500 GMT 6 Nov 92

[Text] Australia's opposition says it will make a major effort to encourage the Clinton administration to make greater use of Australian defense facilities. The opposition spokesman on defense, Alexander Downer, said the coalition parties wanted the United States to increase its use of bases in northern Australia and to preposition some equipment.

Mr. Downer said he was optimistic that the Clinton administration would take a positive approach to closer defense cooperation with Australia. He said the United States was restructuring its approach to Asia-Pacific regional security. The opposition defense spokesman said America wanted new relationships with the ASEAN countries and changes in the U.S. military presence in the region.

Solomon Islands

PM Criticizes PNG on Government Centralizing

BK0511074592 Hong Kong AFP in English 0714 GMT 5 Nov 92

[Text] Port Moresby, Nov 5 (AFP)—Solomon Islands Prime Minister Solomon Mamaloni has appeared to fan secessionist desires among Papua New Guinea's [PNG] five island provinces by slamming Port Moresby's decision to abolish provincial governments.

In a letter to the premier of one of the provinces, Mamaloni blasted Port Moresby's handling of the Bougainville conflict, saying it was acting to protect Australian interests.

Mamaloni said in the letter published in the Post Courier Thursday that centralising power in Papua New Guinea would lead to dictatorship and anarchy.

Last month premiers of four of Papua New Guinea's island provinces threatened to join forces with the fifth, Bougainville, and secede in protest at Prime Minister Paias Wingti's move to abolish provincial governments.

Mamaloni's letter was a response to a request by leaders of the island provinces for talks to discuss possible political ties with the neighbouring Solomons.

Mamaloni said Papua New Guinea leaders were not sincere about resolving the Bougainville crisis.

Port Moresby's troops recently occupied a base on the edge of the rebel-held capital of Bougainville as a part of the final drive to regain control of the island.

"I do not think Bougainville people are fighting to secede from PNG, they are expressing dissatisfaction over unfair treatment by the central government," Mamaloni wrote.

"My own analogy of the long protracted fighting is that the Port Moresby government might be protecting the interests of Australia rather than attending to the grievances of PNG citizens on Bougainville Island."

The four-year old Bougainville war has its roots in landowners seeking compensation from the giant Australian-owned copper mine on the island next to the Solomon Islands.

Wingti's office did not react to the letter immediately, but others commented that Mamaloni was meddling in the country's internal affairs.

Relations between Port Moresby and Honiara are touchy due to the spill-over effect of the Bougainville crisis, despite efforts by both to patch up differences.

A recent raid into Solomon Island territory by Papua New Guinea troops who allegedly killed two people worsened ties.

Two U.N. officials are in the Solomons to investigate the raid. Papua New Guinea officials will not say whether they will be allowed on to Bougainville as part of their investigations.